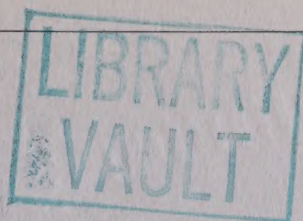


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Vol 41

Commission

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The Province of Alberta

THE ROYAL COMMISSION ON METROPOLITAN DEVELOPMENT OF EDMONTON AND CALGARY

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PROCEEDINGS

DATE March 7th, 1955.

VOLUME 41.

The Court House

EDMONTON - ALBERTA

SUPREME COURT REPORTERS, EDMONTON

VOLUME 41

March 7th, 1955

I N D E X

Filing City Exhibits 5050

WITNESSES:

R. E. MOFFAT

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VOLUME 41

March 7th, 1955

EXHIBITS

<u>No.</u>	<u>Description</u>	<u>Filed at</u>
214E	Information re Assessments	5050
215E	Classification of Residential Buildings in Edmonton 1954 & 1953 ..	5050
216E	Assessment Comparison	5051
217E	Document entitled "Analysis of sales, revenue & expenditures, electric light and power distribution".	5115

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THE SITTINGS OF THE ROYAL
COMMISSION ON METROPOLITAN
DEVELOPMENT OF CALGARY AND
EDMONTON, held at the Court
House, Edmonton, Alberta,
on Monday, the 7th day of
March, A. D. 1955, at 9:45 a.m.

THE CHAIRMAN: Yes?

MR. GARSIDE: Mr. Chairman, I would like to
file three exhibits.

The first one is "Information
Re Assessment Provided by Certain Western Cities, 1952",
and this is the memorandum referred to by the then
City Assessor, Mr. MacDonald. It covers the cities
of Regina, Moose Jaw, Saskatoon, Prince Albert, Calgary,
Edmonton, Vancouver, Victoria and Winnipeg.

THE CHAIRMAN: Mr. McGruther, is it 214?

MR. MCGRUTHER: Yes, sir.

AND THE INFORMATION RE ASSESS-
MENT AS PRODUCED MARKED
EXHIBIT 214E TO THESE PROCEED-
INGS.

MR. GARSIDE: The next one is an exhibit
entitled "Classification of Residential Buildings in
Edmonton, 1954."

THE CHAIRMAN: Mr. Garside, I didn't hear you,
would you repeat the year, '54, was it?

MR. GARSIDE: 1954; there is also '53 apparently
too, 1952 and '53.

MR. MCGRUTHER: 215.

CLASSIFICATION OF RESIDENTIAL
BUILDINGS IN EDMONTON, 1954
AND 1953, MARKED EXHIBIT 215E
TO THESE PROCEEDINGS.

MR. GARSIDE: And the next one, sir, is
"Assessment Comparison, Gross and Net, from 1949 to
1954, of The City of Edmonton."

THE CHAIRMAN: Mr. Garside, I will ask you if you
will repeat the title of this one?

MR. GARSIDE: "Assessment Comparison, Gross
and Net, of the City for the Years 1949 to and includ-
ing 1954."

ASSESSMENT COMPARISON AS
PRODUCED MARKED EXHIBIT
216E TO THESE PROCEEDINGS.

MR. GARSIDE: The next phase of the situation
that Mr. Moffat proposes to deal with is, concerns
Provincial Grants and Exempt Property.

MR. BROWNLEE: I wondered, Mr. Chairman, I
don't like to ^{go} back too much, but I am wondering if
I might just check back with Mr. Moffat for a minute
as to Exhibit 171E?

R. E. MOFFAT, ESQ., having been recalled on his former
oath, examined by Mr. Brownlee, testified as follows:

Q Mr. Moffat, you will recall our discussion last Thursday
in connection with 171E, and during that discussion
Mr. Commissioner Robson asked you, his question is
found in Volume 40 at page 5033, and his question
was this:

"MR. ROBISON: Mr. Moffat, I would like to ask
you this, does this Exhibit 171E reflect the best
judgment of all the City Official involved, for
example the Engineer's Department and the street
paving, and the utility people, is it their best
judgment on the basis of the expansion of this
area expressed in estimates in this Exhibit?"

Your answer was "Yes, sir."

MR. GARDNER: And the next one, sir, is
"Assessment Comparison, Gross and Net, from 1949 to
1954, of the City of Edmonton."
THE CHAIRMAN: Mr. Gardner, I will ask you if you
will repeat the title of this one?
MR. GARDNER: "Assessment Comparison, Gross
and Net, of the City for the years 1949 to and includ-
ing 1954."

ASSESSMENT COMPARISON AS
INDICATED BY EXHIBIT
TITLE TO THESE PROCEEDINGS.

MR. GARDNER: The next phase of the situation
that Mr. Moller proposed to deal with is, concerning
Provincial Government.
MR. BROWNLEE: I
I might just check back with Mr. Moller for a minute
as to Exhibit 1718?

A. E. MOLLER, Esq., having been recalled on his former
oath, examined by Mr. Brownlee, testified as follows:
Q Mr. Moller, you will recall our discussion last Thursday
in connection with 1718, and during that discussion
Mr. Commissioner Robson asked you, his question is
found in Volume 40 at page 2003, and his question
was this:

MR. ROBINSON: Mr. Moller, I would like to ask
you this, does this Exhibit 1718 reflect the best
judgment of all the City officials involved, for
example the Engineer's Department and the street
warden, and the utility people, is it their best
judgment on the basis of the expansion of this
area addressed in Exhibit 1718?

- 5052 -

Q (Cont.) Now, with respect to the evidence you gave and the figures mentioned in that Exhibit relating to the cost of handling the school matters in the new areas, I would ask you are those figures based on the best judgment of the School Board Officials, that is for the Public and Separate School Boards?

A No, there was no discussion in detail with the School Board Officials. The method that was used was explained to them, and I might say they more or less agreed and concurred that that was a reasonable way of going at it but they did not go over the material specifically at all.

Q Well, in other words. then, the estimates which are made in this projected budget are not estimates made by the School Board Officials and presented to you, nor are they estimates made by you, presented to the School Board Officials and approved by them?

A No, not the final result, although they did take part in the discussion as to method, and they agreed that in general the average cost per student for operating costs in the City applied to the number of students in the enlarged area was as reasonable an approach as anything, but they did not actually work it in full detail. They did, however, consider the question of extra school facilities which would need to be made available, and they, as I indicated, said that they thought this was, the school officials really of Jasper Place and Beverly rather than the City Officials, they thought that the buildings now available in Jasper Place would allow it to carry on for a while and that the buildings in Beverly would require two new four-room

- 5053 -

A (Cont.) schools fairly soon.

Q Well now, it is fair to say then, I take it, that these figures in your budget are not the figures which you can say are approved by the Officials of the two School Boards?

A Well, no , not any more than I have said.

Q And what Officials did you refer to, did you have reference to when you answered me just now?

A You mean in respect to the schools?

Q Yes?

A Well, Dr. Willis, Mr. Sheppard, Mr. Scott and, oh, the Secretary-Treasurer of the Public School Board, I can't think of his name.

Q Mr. Turner?

A Mr. Turner, yes.

Q Well now, when did you carry on your discussions with Mr. Sheppard and Mr. Turner?

A Oh, it is well back before Christmas and it was, as I say, just in terms of the general approach, it was not in terms of the actual final results.

Q And do you say that they approved that approach?

A They said they didn't think it was unreasonable to assume that the average cost per student for operating would be about the same in the City and in the enlarged area.

Q Do you feel that they would have any different attitude to your attitude on the total budget for schools?

A Well, now, it is a question of whether you are trying to project what the budget would be in view of other factors; if all you are trying to do is project what is the result of changing the boundaries, then you have

- 5054 -

- A (Cont.) one thing; and, of course, there are a lot more children. You see, this is based on the number of children as of '53, there are a lot more children, and that would be up accordingly. The salary schedule has come up in the meantime, but on the other side assessments have come up in the meantime, and there are more total people in that area paying taxes so that if you are going to make the two adjustments they would have to be made, and I am sure that they would tell you that to get a completely up to date appraisal you would have to make those adjustments.
- Q Did you say that the salary schedule had come up?
- A Yes. Now, maybe not the salary schedule but the total wage cost in the sense that people have built themselves up to more seniority within the existing schedule, but the costs for instruction has come up, yes.
- Q Well now, particularly we are referring to, taking 1954 and taking the cost of bringing Jasper Place and Beverly and the areas, the other areas up to Edmonton?
- A Yes.
- Q And as far as those costs are concerned, you have no actual figures from the Public School Board?
- A No.
- Q Or from the Separate School Board?
- A No.
- Q And your approach to it from that standpoint has not been discussed with those Boards?
- A Well, to the extent I told you, that's all.
- Q Have they ever seen the budget itself that you prepared?
- A No, no.

Q Now, I would like to just refer for a moment to Volume 4 of the proceedings commencing at page 460 where Mr. R. S. Sheppard was giving evidence, and if I may just pick one or two parts without attempting to go through his evidence in the whole, he says at the bottom of page 460:

"It will be necessary to replace or improve many of the classrooms in the fringe area. This will involve considerable expense."

Now, aside from your suggestion of two four-room schools in Beverly, have you taken into account the necessity of replacing or improving many of the classrooms in the fringe areas?

A No, because on that the evidence of the Jasper Place people was that they had enough to get along with. Now, there is a difference of opinion to some extent there, and when it comes to a decision on what should be done the new Board will have to do it, but no, the only thing that was taken into account in the way of extra classroom facilities are the two new schools in Beverly.

Q Yes, but if Mr. Sheppard -- you didn't ask Mr. Sheppard specifically with regard to that item, what he felt would be the cost?

A No, no.

Q And following on that, if Mr. Sheppard in giving his evidence was correct in the assumption he made that if that item was an item of cost which should be taken into consideration in bringing the standards up to Edmonton, then that has been omitted from your budget?

- 5056 -

A That is correct, if that is true.

Q All right.

A Now, I know that at the stage when Mr. Sheppard was giving that evidence he had not heard the story told to us by Dr. Willis from Jasper Place. Now, I am not suggesting by that that he didn't know what he was talking about at the time, all I am suggesting is that the information which he had was the basis for his statement.

Q Yes.

A And the information from Dr. Willis came in later.

Q Well, if Dr. Willis told a different story, the City of Edmonton did not check with Mr. Sheppard to see whether that would make him change his attitude?

A Well, there were discussions, I mean not official, there were no official communications with the School Board asking them "Please would you tell us what the story is?", but there was discussion with Mr. Sheppard and with Mr. Turner.

Q When?

A And --

Q And when were these discussions?

A And shall I say, and the impression gained from that discussion was that this would not be an unreasonable approach.

Q When did that discussion take place?

A Well, it would be at and following the time when Dr. Willis and Mr. Scott put in his evidence, I suppose it would be, when is that, the November Hearing, towards the first of December.

Q Well, there have been no discussions with either Mr.

Q (Cont.) Sheppard or Mr. Turner this year?

A No, not since the first of the year, no.

Q No. Now, the next item I would like to refer to is on page 461 in which Mr. Sheppard said:

"In Jasper Place the High School accommodation and facilities are not as good as they are in Edmonton. Without doubt there would be an immediate request for a new High School in this district or for the Jasper Place High School pupils to attend High School in Edmonton."

Now, to the extent that either a new High School in Jasper Place might be necessary or, in the alternative, of possibly a new High School in Edmonton to accommodate those pupils, or increased facilities; that has not been taken into consideration by the City as a cost factor for this projected budget?

A Not the new building, no.

Q No.

A But as I say it is on the basis that the average cost for operation would be in line with the present average cost for the City.

Q And further down on page 461 Mr. Sheppard says:

"The Salisbury, if the Salisbury High School is located outside the greater Metropolitan Area there will be no provision for the High School pupils in the area of the Clover Bar School Division that would be included in the greater Metropolitan Area."

In the same way --

A That's right, that's right.

Q -- That has not been taken into consideration?

- 5058 -

A That's right, that's right, if there are not in the enlarged area of, of the Strathcona section enough schools to accommodate the children, that is true. Now, the best information I can get is that there are about 400 and some students in that area. I don't know how many of those would be in High School, maybe 100 of them, say, so that you would have that 100 students to look after. Now, whether or not there are enough school buildings in that area to accommodate them, I haven't tried to follow it through exactly; and I will suggest that the problem is probably even more serious if the opposite happens, and if the Salisbury High School is in the City, then you have a problem which is probably even more serious to deal with, because that problem of the Salisbury High School is one of the tricky ones in that area. I have pointed that out the other day, and there is no question in my mind but that that is one of the real difficulties in what to do in that particular corner of the area.

Q Well now, the information with respect to the number of students in that area follows in the transcript where Mr. Sheppard says:

"And I refer to the part southeast of the City here, approximately 400 elementary, 70 junior high and 30 senior high school pupils reside in this area, hence provision must be made to provide accommodation for all the high school pupils and some of the junior high school pupils residing in this area, that is if amalgamation took place."

- 5059 -

Q (Cont.) Now, there he has said that that provision must be made.

A Yes, but --

Q And, excuse me, yes, go ahead.

A But he later corrected those figures because he said that information had been given him by Dr. Jonason, and then when Dr. Jonason got on the stand Dr. Jonason gave quite a bit lower figures because he said that in his first survey, that is Dr. Jonason said that in his first survey he had taken all the schools which were located in the green belt area or closer in and had included the students who might live on the outside but who were coming to schools in the area; and Dr. Jonason in Exhibit 112 put in a much lower figure which was only 438 for the whole area, and then that in turn has to be reduced a little bit because there was part of the green belt area that is not in the proposed boundaries, so that you get down to around 400 children there. Now, even that does not add up to me entirely because the information that you people put in was that there were only 1200 people in the whole area. Now, ^{if} there is only 1200 people I can't see where the 400 children come from, it is not the right ratio, and either it is that that population figure is low, which I rather suspect it is, or the school population figure is a little high; so that I am a little at sea on that area as to population, but there may be at the most a difference of 100 students at the most, which out of a total of thirty-two or thirty-three thousand is not going to affect it very much.

- 5060 -

Q Now, Mr. Moffat, the last reference I want to make to Mr. Sheppard's evidence is contained on page 462 where he states:

"If the fringe areas become part of the City of Edmonton to constitute the greater Metropolitan area educational costs will rise."

A Yes.

Q Now, you agree with that?

A Oh, yes, there is no doubt about it.

Q Now, taking all of that evidence, isn't it fair to say this, that to the extent that Mr. Sheppard is correct in the statements he has made and to the extent that these things must be done to bring the standards in the surrounding areas up to that prevailing in Edmonton, the cost will be higher than you have projected it in your budget; or, to put it another way, your budget, the estimates you have made have not taken into consideration several items which the School Board Officials seem to feel would be requisite to equalize the standards?

A No, not several, just one, and that one is one on which the information was not clear, the one is the question of additional school buildings in Jasper Place, and the information was not too clear and I must confess that in my own mind it is not too clear yet as to exactly what is required there; that that is the only one where I think there is any item which should be brought up. Now, if you are talking, not in terms of what the situation is as a result of a change of boundaries, if you are talking in terms of increasing costs and other factors in the meantime,

- 5061 -

A (Cont.) that is a different thing; then you have to take not only increasing costs but also increasing revenue.

Q No, I am talking about costs of raising the school standards in the outlying areas up to the standard of Edmonton.

A Yes, and the only one that is there is the buildings in Jasper Place.

Q Well now, there seems to be some doubt in your mind and, therefore, I take it that doubt exists with the City in presenting its case to this Commission as to what the cost would be and what would be necessary. Now, am I not correct in suggesting to you that Mr. Sheppard or his School Board or the Separate School Board were never asked by the City of Edmonton to go out to those areas and to make a survey as the City Engineers did?

A Yes, they were asked to do it but they reported that from the information they could get available that this kind of an approach was about as good as it could be.

Q Who was --

A Dr. Sheppard.

Q Who was asked to make that survey?

A Dr. Sheppard was asked "Have you anything, can you give us any leads, what is the best information you can give us by visiting the area or contacting the local officials as to what the costs will be?", and he reported back that he had no clear conclusion, but in that discussion it was suggested to him that a reasonable approach would be the approach that is

- 5062 -

A (Cont.) involved in 171E, and he said that was as good as any suggestion he could make as to how you could do it.

Q And when was it he was asked to make his survey or make his estimate?

A Oh, he was asked the first time I saw him, that would be in the first part of September, the same time as the Department Heads of the City were asked.

Q Well now, there is one other aspect of 171E I would like to mention, I think I can do it fairly briefly. I take it, and I want to know whether you agree with me, that your Exhibit 171E indicates that the increase in revenue which will derive from the outlying areas will be in the order of a million and a half dollars, actually I have a figure of \$1,528,000.00?

A Yes, something approximately that, I haven't -- no, wait a minute now, I have got a figure here too. Well, my figure seems to be \$1,875,000.00, that is the increase in general revenue, sub-total.

Q Yes, well, to get the figure I am after let us just say the tax revenue which will derive from those surrounding areas?

A Oh!

Q Because your 1954 revenue figures are not in?

A Yes, \$1,528,000.00.

Q Yes, that's fine, that is the figure I have got.

A Yes.

Q Now, on October 14th, and I refer to Volume 3 of the transcript --

A That is the reference to Exhibit 2, is it, The City Brief?

- 5063 -

Q Yes?

A Yes.

Q Well now, referring to the transcript at pages 309 and 310 you indicated that the cost to the City with regard to Jasper Place and Beverly would be \$1,500,000.00?

A Yes.

Q Do you want to change that figure now?

A No, although I would say this, that probably if I reworked it in the light of the information I have now I would get a slightly different result, but it is close enough for our general purposes.

Q Now, the point I am getting at is this, that if you consider the cost for those two towns to be \$1,500,000.00, that figure does not include any cost items for the portion of the Municipal District of Strathcona which the City proposes to annex?

A That is correct, so that leaves about \$300,000.00 as the cost, a little over \$300,000.00 as the cost for the industrial area, which ties in with the exhibit which was put in, Table Nine of Exhibit 155, the original Table Nine now, it doesn't appear in the final Table Nine.

Q And it does not take into account any extra capital school costs as outlined by Mr. Sheppard, we have gone into that.

A Yes, if there is any there it does not take that in and it does not take into account that one extra item on sanitary sewers.

Q That's right, and it also I think neglects to allow for what has been the observable increases in per capita costs which come with increased population?

- 5064 -

A Well, no, I don't agree that there are any of those, that's all. If it is a situation we are talking about here, or maybe I should put it this way, that I don't agree that there are any of those which have not been taken into account.

Q So that your cost figure as you gave it to us then is short at least \$300,000.00, and if any of these other costs such as Mr. Sheppard suggests are proper, you would be short a figure higher than \$300,000.00?

A You mean that original million and a half was short?

Q Yes?

A Yes, I agree, the best estimate I have got now is that the cost would be \$1,825,000.00 for the whole area which is exactly \$300,000.00 and a little over.

Q That's right, and to the extent that your projected budget fails in the opinion of some of the witnesses before this Commission to bring the standards in the surrounding area up to Edmonton, then that cost figure of a million and a half is at least \$300,000.00 short and it might be more if, for example, what Mr. Sheppard says is right?

A Well, no, that \$300,000.00, that figure, that \$300,000.00 is taken into 171 though; 171 is the figure we are talking about now, nobody is talking about the million five because nobody is talking about Beverly and Jasper Place only; that was out of the picture right from the beginning, and those figures were put in only to show what the effect would be if Beverly and Jasper Place only were taken in, but if you are taking the whole area in you don't go back to those figures at all, you go to Exhibit 171E,

- 5065 -

A (Cont.) and the whole thing is in there except this for extra cost on the sanitary sewer and whatever item is involved in that school buildings cost in Jasper Place, which there has been difference of opinion expressed by the school officials who are concerned, but suppose you take it as an outside figure, suppose it is \$100,000.00 in total per year, and \$100,000.00 per year is a lot of money, a lot of money when you figure it in terms of what it will carry in capital costs, and suppose you put it up to that, and suppose on the other side you did the same thing with the revenue items, I will submit that in my opinion there is a bigger list of unanticipated revenue items than there is of unanticipated cost items.

Q Well, just --

A And I will be frank about it, if I was doing the budget and I did not underestimate my revenue, my revenues, enough to leave myself a little cushion I would not claim to know anything about finance.

Q Well now, just let me put it this way to you on the costs, on the basis of what you have said now, if we start with that cost figure of \$1,500,000.00 --

A That's right.

Q -- And we add on that figure of \$300,000.00 --

A That makes it a million eight.

Q -- The minimum cost figure, ignoring some of Dr. Sheppard's suggestions, ignoring sanitary sewers and ignoring --

A Just those two items.

Q -- The per capita cost increase, for the moment ignoring those, at the very minimum, the very minimum figure for

- 5066 -

Q (Cont.) costs is a million eight?

A That's right, that's right, the very minimum is a million eight, that's right.

Q With regard to your revenue items --

A Yes.

Q -- The 5% revenue tax and also the utility profits show revenue increases?

A Yes.

Q Now, can you tell us specifically where those increases, how will they come into effect?

A Well, that is on the assumption of a 5% increase in those two items, and you will notice that that is the utility profits item after all these reserves and everything else have been taken out, but there will be a 5% left in that item plus a 5% increase on any gross revenue tax from Northwest Utilities.

Q Well, yes, well now, just dealing with the utility profits, can you tell me why there would be a 5% increase?

A Well --

Q In those profits?

A Well, if they are serving a larger area presumably they should make some profit out of that larger area. Now, not necessarily as much profit out of it as they are making out of the present area, but if you have those thinly settled areas where capital costs are a little higher the chances are that profits will be not as good as they would be in the heavily settled areas, but there should be something extra there.

Q What utilities are they going to serve those areas with that are going to bring in an increase in profits?

- 5067 -

A Well, that is on the assumption that the whole group is in.

Q Yes, but what utilities are you talking about?

A Well, it is the whole group, the assumption there, electricity, electric power, transit, it is the whole group, it is not any one of them specifically.

Q Are you proposing that Jasper Place and Beverly and the industrial area are going to be served with the City electrical utilities?

A That is the assumption in there, yes; now, I haven't had a chance yet to deal with what the proposal specifically is in respect to the utilities.

Q Are you going to deal with that?

A Yes, yes, but that is the, that is the estimate.

Q Is that in line with the proposal that you are going to make, the answer to that question?

A Well, the proposal that we are going to make is that the thing should be worked out by negotiation looking to taking over. Now, if the City sees the possibility of making a profit in it I think they will be very anxious to take it over, but the proposal is that there should not be any firm commitments as to what they should do. This is on the assumption that they take over something or extend services enough to increase the surplus item by 5%, that is not the gross by 5%, or it is not even the total of all the money that is available to the City by 5%, it is only the last little balancing item at the tag end of this calculation.

Q Well now, just one other matter under this utility, on the water.

A Yes.

Q You are not going, if you are servicing that area you are not going to make the 35% surcharge?

A No.

Q Are you still expecting a profit on the water service?

A I couldn't, I wouldn't want to try to be specific to each individual one, all I am saying is that this is the average.

Q Well --

A On that particular one the information seems to be that the area could be serviced quite nicely without the 35%.

Q Then if you are not going to have the 35% surcharge and you are going to make a 5% increase in your utility profits, it must mean that you are going to make a 40% profit on water?

A They are now making a 40%, you mean?

Q No, that you are going to if you take the 35% off and still show a profit of 5%?

A No, if you take the 35% off, not if they take the 35% off, no, no.

Q Then you won't be making, you will be making less profit on water if you take the 35% surcharge off?

A Oh, yes, but that's a small item actually, the revenue from that 35%.

Q Yes, and what about the transit system, are you going to, are you going to serve the area with your transit system and are you going to make a profit on it, a greater profit than the transit system is now making?

A Well, the two big items, the total surplus, the whole thing was \$690,000.00, so that a 5% increase on that

- 5069 -

A (Cont.) would mean that they would have to make an extra \$30,000.00 out of the whole bunch. Well now, you might make that on power plant, you might make that on telephones, you might lose a little on transit, you might lose a little on water, but all you have to do is end up with a net of an extra \$30,000.00 over the whole group.

Q You are suggesting that you are not going to make an additional profit on your transit system?

A Yes, I think you might break even but all I am suggesting is that I think it is reasonable to suggest there might be \$30,000.00 in the whole group.

Q And what about the telephone, because you are now serving the industrial area with a surcharge, are you going to take that surcharge off when you serve that area directly?

A Well, again the proposal which I am going to make on behalf of the City is that the thing should be worked out by negotiation, but if your Province wants to carry on then the thing can be arranged accordingly. If, on the other hand, the arrangement is that it is taken over, then, of course, the rates have to be uniform over the whole area.

Q Well, your budget assumes it is taken over, doesn't it?

A Yes, the budget, that is the way it is calculated out.

Q So that is it fair to say that the only possible utility on which you can make an additional profit is the electricity, is the electric utility?

A Well, yes, I suppose it is, really, when you get down to it, but that one after all represented over \$400,000.00 of the surplus last year out of \$700,000.00, that was over half of the total.

Q Thank you, Mr. Moffat.

A And, you see, the load in that area is particularly good from the power plant point of view as everyone knows, and that one alone could very well account for the total.

MR. ROBISON EXAMINES THE WITNESS:

Q Is it possible, Mr. Moffat, in your opinion for a pro forma budget to be prepared that will reflect with great accuracy what the result is likely to be within twelve months?

A No, I don't think it is possible to come any closer than what we have here.

Q What would be the margin of error that you think would be fair to allow, 20%, 10%?

A Well, if you are talking about the total result I would say that the margin or error should not be more than about 5%; if you are talking about the increase over the present budget then the margin of error in the increase itself probably should be up between 10 and 20%.

Q The danger I see is this, frankly, we all start off with the same data at the first of the year, for the sake of argument, but in a large matter of this kind could change so rapidly within a year or so that it would make the figures prepared at the first of the year look somewhat peculiar at the end?

A Well, they are always bound to do that. Now, the one thing that I have done in this particularly is to be sure and not under-estimate the revenue side.

Q And estimate the expenses plenty high enough?

A Well, I think that is the way you would make an ordinary budget, and that is what the objective has been here.

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Q There is another matter that is concerning me constantly as a Member of this Commission, it has come up in Calgary and I have discussed it here, and it is this business of Mr. Brownlee asking you, for the sake of an example, raising the standards of the educational system, as I gathered it, Jasper Place to equal that of Edmonton. Now, quite frankly, I don't know what that means. I hear matters of street car tickets, for milk, and bus service for children, and Taj Mahals and all this sort of business; now, I am wondering how far any one can legitimately go to the Provincial Government and ask for large educational grants and be allowed to spend the money for some of these matters that we have heard before this Commission. What control is there to be over a major spending power? It is concerning me very much as a Member of this Commission. I don't know what these standards are.

DR. HARRIES: Well, Mr. Chairman, I ran across an article by Dr. Lazerte in which he discussed the relationship between the quality of education and expenditure, and I am very sorry, sir, I meant to bring it this morning. I thought it might give you some indication of what one educator considered to be the relationship. I must confess he does not come to a definite conclusion but he does at least as I read the article come to the conclusion that the one measure of the standard and not an unreasonable measure is the actual dollar cost per pupil. I would be very glad to make that available, if I may, sir.

MR. ROBISON: Thank you very much.

MR. DAVIES: Are you, Dr. Harries, referring to

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MR. DAVIES:(Cont.) Dr. Lazerte's Research Report that is just off the press, although I don't think it is officially distributed, to the Canadian School Trustees Association, that Research project?

DR. HARRIES: No, this is a speech made to the Alberta School Trustees on the basis of his work there, sir.

A I wonder if I should just clarify what I said a minute ago in reply to Mr. Robison. I said I thought a 5% error in the total figures would not be unreasonable. Now, 5% in the total figure we are talking about here is about \$100,000.00 and I said I thought between 10 and 20% in terms of the increase would not be unreasonable. Now, a 10% difference on the increase would be \$150,000.00 so that I think the magnitude we are dealing with here in terms of the probable error is somewhere, one hundred, one hundred and fifty, at the outside, two hundred thousand dollars, and that applies to both the revenue and the expenditure data, and on this particular exhibit there has been a tendency to lean in terms of going high on the expenditures and to lean in terms of going a little lower on the revenue.

Q MR. ROBISON: Well, I think that is sound, because public opinion if this amalgamation goes through, public opinion is likely to have considerably more to say than some of us might anticipate.

DR. HARRIES: May I suggest, when you are talking about 5% of your budget you are not talking about \$100,000.00, you are talking about \$1,000,000.00 and 20% of the increase would be 20% of 1.8 million dollars which would be \$360,000.00.

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A Oh, well, then, I have a decimal in my percentage, because what I was thinking of is a range in between one hundred, one hundred and fifty thousand dollars in figures. Now, I may have put in a wrong decimal doing it in my head as to the percentage, but I think probably the range of the error is between one hundred and one hundred and fifty thousand dollars.

DR. HARRIES: Well, Mr. Chairman, just so that the record is clear, what you are suggesting is that you can estimate on a budget within 0.5% accuracy.

A On the total budget, well, I am suggesting that when all you are estimating is a change of this sort you should be able to do it within one hundred to one hundred and fifty thousand dollars, yes.

DR. HARRIES: That is a half of one percent, sir.

A On the total it might be, yes.

MR. BLACKSTOCK: I was under the impression that when they spoke of educational standards they were talking about physical standards and not academic standards. Surely the results of examinations should tell us whether the education standards academically are lower in the rural than in the urban area. I mean the physical standards such as wood working shop, home economics and that sort of thing, and that is a physical standard and not an academic standard.

MR. ROBISON: Oh, I think we are agreed on that, but it is what are these physical standards, that is the point. For example, I hear that there was a criticism in the City of Calgary for having built so many of these auditoriums and spent too much

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MR. ROBISON:(Cont.) money on auditoriums for schools.

I suppose the same thing could be said in this City,
you have also auditoriums in schools here, haven't you?

DR. HARRIES: Yes.

MR. ROBISON: And it is how far the standards
are standards that should be the responsibility of all
the taxpayers of the Province and not the responsibility
of taxpayers in a particular area. If they want to
put gold doorknobs on they should pay for them. That
is the thing that is confusing me, you see.

MR. HAYES: You are not alone.

MR. ROBISON: No, I thought I wasn't.

Q MR. GARSIDE: All right, Mr. Moffat --

A Yes.

Q MR. GARSIDE: Evidently the questioning is
over on that stage, and will you now go to the Provincial
Grants question?

MR. DAVIES: Mr. Moffat, before you go --
Mr. Garside, before Christmas I asked you to be good
enough to let me have a copy of the franchise of gas
between the City and the Northwestern Utilities Limited.
Now, I guess you overlooked that. That I understand
was approved by the Gas Company and was approved by
the Council before Christmas, that is the gas franchise
to replace the ten-year franchise which I think runs out
in November '55. Now, the relevance of it here is
simply this, that according to the press dispatch it
stated that under this franchise that manufacturing,
manufacturers, let's see, manufacturing industries
could buy its gas anywhere it wanted, and it was not
an absolute franchise. Now, Mr. Brownlee raised the

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MR. DAVIES:(Cont.) question here about this 5% on gas.

Well, if there is manufacturing industry out there they would not be paying the 5% tax, would they?

MR. GARSIDE: That is quite right, that is if Ajax is supplying one of the firms they would not, of course, be subject to the 5% tax.

MR. DAVIES: And, furthermore, if some other gas companies, some other manufacturers in the industrial area felt that they could buy gas cheaper and without the five percent tax, even under the Northwestern Utilities franchise they would be able to do that, wouldn't they?

MR. GARSIDE: Well, according to the language of the franchise, yes sir, but according to other features that may be involved there might be some difficulty, there is the question for instance of cutting up the roads and streets to lay their pipes; that is a practical difficulty that they would have to overcome by getting consent from the City.

MR. DAVIES: Is there any change in the wording of the new franchise over the old one at all?

MR. GARSIDE: No sir. You see, this renewal will be the third one. In the case of the other two renewals it was done by means of a Statutory Amendment to The Edmonton Charter which merely stated that for the next ten years that the same conditions would prevail, and it is anticipated that this year the same arrangement will be followed, and already we have been in touch with the Provincial Government Officials as to amending The City Act in that particular section

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MR. GARSIDE:(Cont.) which deals with Edmonton alone, by putting in there an amendment similar to the ones that we have had before.

MR. DAVIES: Has the Gas Company and the City executed a new document?

MR. GARSIDE: There has been no document executed at all, no sir.

MR. DAVIES: But it is in exactly the same form as the previous one?

MR. GARSIDE: Yes, I could bring you -- it is printed actually in the 1916 Statutes of Alberta and is Chapter 29. If I have not filed a copy of the franchise I certainly will do so. It is, however, a fact that the franchise in its language is not exclusive with regard to manufacturing and lighting, manufacturing and lighting.

MR. DAVIES: Is there a phrase in there that it automatically applies to any extension of the City's boundaries?

MR. GARSIDE: That is correct, sir, there is.

MR. DAVIES: Thank you.

MR. BROWNLEE: Mr. Chairman, just before my friend goes on, it has just been drawn to my attention, I thought as a matter of interest I might mention it, that in 1954 the City Commissioners on their budget estimate under-estimated by almost 3%, and I thought that was rather interesting when Mr. Moffat says that with respect to something purely speculative he might estimate within a half of one percent.

A Well, this is the same difficulty that we have been having before, when you are estimating something over

A (Cont.) a period of time and time changes and new people come in and conditions change you get changes, but if all you are trying to estimate is what would happen if things stayed exactly as they are and all you change is the boundaries, it is much easier.

Q MR. ROBISON: That is, if the situation remains static/^{now}and the boundaries were changed, the resulting dynamics within the next twelve months, would be then within one half of one percent, is that the point?

A Yes, but it would not be that, of course, because things are going to change.

Q MR. ROBISON: And if the situation is fluid and the boundaries change --?

A Well then, I am not going to make a guess at all on that basis.

Q MR. GARSIDE: All right, Mr. Moffat?

A Well, Mr. Chairman, with respect to grants from the Province.

We want to start off by saying that the City is very appreciative of what happens or what happened in the Budget Speech on Friday. We have not yet had an opportunity to work through exactly what is involved as far as the City is concerned. Our impression is that it will be several days before sufficient details will be available to make it possible to really work out, work it through thoroughly, and, consequently, it occurred to us that it might be just as well to go right ahead with our comments on Provincial Grants rather than wait until the full details were available.

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A (Cont.) We are not proposing ^{in here} ~~to~~ raise the fundamental questions of municipal finance and Provincial grants on fundamentals in any case. We are taking the position that that is a question which is of major importance in itself, and a question which should be approached in terms of consideration of the major cities and the smaller cities and the towns and the rural areas, and, consequently, in that sense falls outside of your terms of reference which are directed to the situation in Calgary and surrounding area and to Edmonton and surrounding area. For that reason we wish to deal only with Provincial grants which have particular relationship to the situation in the two major cities, and from a reading of the press it would appear that there is not anything in this budget which relates especially to these two areas. Now, we may be misinformed on that when we get the full detail, but would appear that what has been done, and it is reasonable enough to do it, is an overall approach over the whole Province, without specific consideration to the kinds of problem which fall before your Commission for recommendation, and if that is the situation then there is no particular point in delaying a discussion of the specific questions which relate to this area.

Now, with that background now we wish to point out that the specific problems which relate to this area are in three general categories:

There is the question of specific arrangements for areas where the population is growing very much more rapidly than the Province as a whole, which is one that is unique to this area.

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A (Cont.)

There is the situation in a municipality where a very large amount of Provincially owned property is located, and that is one that is unique to this area.

And there is the situation in a municipality where a large tax base and a large population is accepting responsibility for certain adjacent areas, and we hope that also is unique to this area and the Calgary area.

And, consequently, our discussion of Provincial grants is related to those three general types of situations, and we then tried to tie it down specifically to some suggestions as to what you might recommend by way of assistance specifically to deal with those kinds of situations, which would, of course, be of special importance to the Edmonton area.

Now, I don't need to review the situation here with respect to population growth and with respect to increase in the number of school children. That has been dealt with a good many times. The physical plant growth of the schools was dealt with in several places and collected together in Mr. Hodgson's Brief, to indicate the growth there, and so I would just set that aside as a background which we can assume and go on straight into the suggestions which the City has to make.

Now, the first one is with respect to the section of the Grants Order for Schools which deals with an area where the school population is increasing more rapidly than the

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A (Cont.) Provincial average. That is Exhibit 62E, and Section 3, subsection 2 of that Order reads this way, and I would just read the whole section:

"During each fiscal year there shall be determined the percentage, if any, by which the net enrollment in the schools of the Province at the end of the immediately preceeding complete school year has exceeded the net enrollment one year earlier. With respect to any District or Division in which the percentage of increase has exceeded the percentage for the Province, the number of pupils by which the increase in enrollment has exceeded that represented by the percentage for the Province as a whole shall be determined. There shall be paid during the fiscal year a grant of one hundred dollars for each such pupil."

In other words, if the Provincial average of school enrollment is up 5% and this one particular area is up 7%, then you apply the 5% increase to that area and whatever number of pupils there would have been covered by that kind of an increase is assumed to be the normal increase for the Province, and the extras above that, there is a grant of \$100.00 per pupil.

We think this is a very sound principle. We think it is a very unique one, personally as far as I am aware it is something that was discovered or originated in Alberta, and I have not been able to find any example of the same kind of an arrangement elsewhere.

We think it is particularly sound in that it gives a local school district a chance to get over the first bump, and a very serious bump which comes

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A (Cont.) when its population in school children increases and it has to get into capital cost of new schools as well as reorganizing its administration and taking on new teachers and the whole general expansion there. We have had a great deal of evidence that these increases when they come at an extremely fast rate bring increases not only in proportion to themselves but very much greater, and, consequently, we think that is a very sound principle.

Now, the only criticism that we have in respect to it is that \$100.00 for one year is not quite enough. If your School Division or School Board is called on to build a new school, which it is if these kind of increases continue for several years, then \$100.00 does not go very far towards costs. If these kind of increases accumulate two or three or four years in a row they inflate the cost structure very materially; and, consequently, the proposal is that this kind of grant should be not for one year but for five. Now, that would have the effect that if in, say, five successive years a school district had a very rapid increase its costs would accumulate but it would also have an overlapping grant arrangement for the five year period. The thought is that it would be better to do it in that way rather than to do it by asking for a large grant in the particular year it happens because an increase of that sort, although it happens in one year, the cost element of it is spread over several years, and the thought is to request that you should recommend that that thing should be a five year proposition rather than one year.

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THE CHAIRMAN: Mr. Moffat, when was this Amendment made law? This, I presume, is an amendment to The School Act or to The Grants Act?

A We were requesting an Amendment, yes, to make it for five years.

THE CHAIRMAN: But I thought you said that somewhere, did you not say that there was legislation to cover this \$100.00 for each pupil extra above the Provincial?

A Yes.

THE CHAIRMAN: Well, that was covered by an Amendment, somewhere, isn't it?

A It is Order in Council.

THE CHAIRMAN: Oh, it is an Order in Council.

A It is Order in Council 600 of 1954.

THE CHAIRMAN: '54, yes, all right.

A Now, whether that was the first Order in Council, I am not sure, but that is the one which applied for 1954.

THE CHAIRMAN: Surely.

A But it gave the extra grant of \$100.00^{just} for the first year, and it strikes us that these kinds of increases in population, school population figures, don't create the cost addition only in the first year, it is spread over several years, and maybe the grant should be spread over several years and arranged so that it accumulates if there are a series of these, so that it would go up once and then flatten out if it only happened once.

Now, the second type of school grants problem which we wanted to discuss is Section 4 of that same Order in Council, and that is the

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A (Cont.) equalization grants section under which Jasper Place and Beverly are both drawing fairly substantial grants; and we would point out particularly that in Jasper Place there is a special Ministerial Order which classifies them as an agricultural area for purpose of school grants; and that as a result of that they are drawing now an extra grant on the equalization formula of a thousand and eighty three dollars per classroom, according to the evidence of Dr. Willis in 1953. Now, this is the kind of a grant which we submit is a recognition that that problem of a rapid increase, a special burden on the taxpayers in that area due to a combination of increase in school children and low assessments, that it is at least to some extent the responsibility of the Province as a whole, and to be paid at least to some extent by revenues that are available for the Province as a whole, so that the proposal is, and it is not original at all, that if the extension of boundaries is put into effect it should be not used as a way of reducing the Provincial grants, and that the Province should continue to pay the same grants which they are now paying for Jasper Place and Beverly whether or not the boundaries extend; or, if I put it in principle, I repeat what I said a minute ago, that the change of boundaries should not be a way of reducing the Provincial grant. If the City is going to accept some responsibility towards these adjoining areas, these adjacent areas, I don't think anybody is suggesting that they should accept some of the Province's responsibilities to them, the Province should continue to

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A (Cont.) recognize the same responsibilities it has in the past.

Now, those are the two points which we wish to make with respect to school grants.

THE CHAIRMAN: Now then, perhaps this would be a suitable place to have a break. This is the first of the three points that you wish to deal with?

A Yes.

THE CHAIRMAN: Am I to infer that Jasper Place and Beverly, well, Jasper Place particularly, in addition to the other urban areas received the \$100.00 per student?

A Yes.

THE CHAIRMAN: As well as the equalization grant?

A Yes.

THE CHAIRMAN: Thank you. Then we will adjourn until 11:05, if I can see the clock properly.

(At this point the Commission adjourned until 11:05 and reconvened.)

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THE CHAIRMAN: All right, Mr. Moffat.

MR. MOFFAT: Now, Mr. Chairman, in connection with this same point of Provincial responsibilities in the enlarged area, where carrying forward the present policy would take over to the City some of the responsibilities which are now being paid by the Province, we want to talk also about road grants.

At the present time there is a division of the cost of road construction between the Province and the municipalities. Certain costs are paid by revenues available from the Province in general, and certain costs are payable by revenues collected by the local municipalities.

In this area for several years now the Provincial revenue sources have met the cost of construction of Provincial highways outside cities. In other words, right up through Beverly and right up through Jasper Place Provincial revenue sources have met the cost of construction, but outside the city, of course. They have met the cost of maintenance of Provincial highways located outside the cities, and have made a contribution to the city of \$500.00 per mile for maintenance cost of Provincial highways within the city.

MR. DAVIES: Mr. Moffat, can I interrupt you right there? Do I understand -- let us take the south entrance to the city No. 2 Main/^{Alberta} Provincial Highway from Calgary--that each year the Province of Alberta pays the City of Edmonton the sum of \$500.00 per mile for that road from where it enters the south city

MR. DAVIES: (Cont.) limits until it leaves the north west city limits on the St. Albert Trail?

A That's right; in total -- .

MR. DAVIES: Including over the High Level Bridge?

A In total the city got \$13,705.00 last year, on those grants.

MR. DAVIES: Is that calculated up to city centre, for example, on Number 16 highway?

A As I understand it, it follows whatever streets are designated as No. 2 ^{Highway,} /No. 14 highway, No. 16 highway -- you count up the mileage that's involved, and it is a grant of \$500.00 per mile.

MR. DAVIES: Thank you.

A And then in addition to these two items on the Provincial Highways, the Province pays a share of the cost of construction of local roads in the municipal districts, and in 1954 contributed -- Strathcona got \$54,391.00 on that item. I have the figures here for the other surrounding municipal districts; I don't think they are particularly relevant -- it's about the same general magnitude of the grants to the others -- Strathcona got a little less but Strathcona is a little smaller area. Roughly, they are in proportion.

MR. ROBISON: If you have those figures handy, just for the record would you put them in please?

A Well, before I do that, then, sir, I would like to also put into the record my source so that we will be clear on it.

These figures were obtained at an interview on November 9th, 1954, with Mr. Johnston,

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A (Cont.) The Highway Maintenance Engineer of the Department of Public Works, and the figures are as follows for 1954, in the Municipal districts surrounding the area here:

Strathcona	\$54,391.00
Leduc	85,464.00
Stony Plain	58,502.00
Morinville	48,233.00
Sturgeon	60,483.00
Lamont	77,104.00
Beaver	76,909.00.

In determining the amount of its contribution on these items the Province takes into account the population of the Municipal District, its area, its mileage of roads, its assessment, and the mileage of Provincial highways provided completely at the expense of the Province within the Municipal District.

Now, those, then, are the items of road construction costs which are paid for by the Province, and all other road costs are paid by the local Government authorities, either the city or the municipal district or the town, as the case may be.

Now, it is agreed, I think, by everybody that the Provincial Highways located in the surrounding Municipal Districts are there primarily to serve through traffic to and from the city, rather than the local traffic of the local community. For those reasons it is right that the cost of the Provincial Highways should be paid for by tax revenues available

A (Cont.) from the Province as a whole, and the city should pay its share through its contribution to Provincial taxes, and the local municipality pay its share through the local tax, or through the local people's share of Provincial tax.

For example, the highway going through Beverly from Edmonton to the Clover Bar bridge is rightfully a charge on the people of Alberta as a whole, and is not a charge particularly on the residents of Beverly; in fact, I think the representative of Beverly told us it was only a headache to them, to control the traffic, the speed on that particular road, and it wasn't any use to them to all, and they would be happier if they didn't have it.

Similarly, highways 16 and 14 through the industrial area serves both the city and the rural residents on their travels, and its right that that one should be paid for by the funds raised over the Province as a whole.

That situation will continue whether the boundaries are changed, and therefore the city wishes to ask for a recommendation that the cost of providing and maintaining those Provincial highways should continue just the way it is. Again it is a case where the extension of boundaries in order to require the city to take responsibility over a larger area should not carry with it taking over some responsibility which is now being paid by the Province as a whole.

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A (Cont.) Now, that is the only point with respect to highway grants. Again, we are not raising the general question of whether or not the city gets a proper break in respect to the highway construction grants; that is, as we conceive it, an overall question which should be looked at over all. We are raising only the one point which relates specifically to the change in boundaries.

MR. DAVIES: Mr. Moffat, I would like to interrupt you there again.

Now, recently it was decided that the main highway west of the city to Jasper would be changed, and instead of going right through the Town of Jasper Place on what we commonly call Stony Plain Road -- that is 102nd Avenue -- that the new highway would come in from the west into Edmonton on what we now call 111th Avenue.

A Yes.

MR. DAVIES: The city spent a lot of money, obviously, widening that road and putting a service road in on each side, and they had taken that out to the west boundary of Edmonton.

Now, I am correct, am I, in presuming that in respect to the construction of that expensive road, that there was no Provincial contribution toward the capital cost, and all the city gets is based on \$500.00 per mile per year?

A I think that's right; I was trying to confirm it with Mr. Garside.

MR. GARSIDE: We will get that from Commissioner Menzies later.

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A My understanding of it is that it's only where there is a special arrangement made -- for example, with respect to a bridge -- that there is a Provincial grant, but in those general cases the only thing they get is the \$500.00 on maintenance.

DAVIES:

MR. /Well, is that the highway that is paved and stops at the city limits now, is that it?

A Well, the road -- .

MR. DAVIES: And then, the road goes on, but doesn't that road enter Jasper Place town?

A Yes.

MR. DAVIES: And then is it paved there, too, now?

A I'm not sure; I haven't been out in that particular section for some time.

MR. DAVIES: And would the Province be paying the capital cost of construction of that road from the city limits ^{through} / the existing town of Beverly?

A Well, they certainly did on the Beverly side, I am sure of that. Now, as to the Jasper Place situation I'm not so sure; we would have to confirm it. That's a question I think you should ask Commissioner Menzies.

MR. DAVIES: In that case, the policy of the Province -- if that is the case -- the policy of the Province on capital expenditure on a new road like that is different toward the town than it is toward the city.

A Yes sir.

MR. DAVIES: And we know it is different once it gets out into a rural area.

A Yes, and it has been different for Beverly than what it has for the city.

MR. DAVIES: Thank you.

MR. HAYES: Do I understand you don't want to take over the Provincial highways in the rural area?

A We don't want to take over the responsibility of paying for them, no sir.

MR. HAYES: No, no; my question is that you do not want to take over the Provincial highways?

A Well, take over in what sense? The city would certainly have to take over the policing and patrol as to speed and that sort of thing.

THE CHAIRMAN: But not maintenance, you think?

A But not necessarily the cost of construction and maintenance.

MR. HAYES: Well, I mean, put it this way: you are saying that rural municipalities get grants for roads.

A Yes.

MR. HAYES: All the roads belong the Crown.

A Yes.

MR. HAYES: There's no such thing as a municipally owned road.

A No, no; not as to ownership.

MR. HAYES: Now, the point is: if you want that to continue, do you want to take over the roads or do you want to put them in the class of rural municipal roads, Provincially owned?

A Well, there has not been any discussion on that specific point, but the basic thought has been that the roads would be handled in exactly the same method as they are handled now within the city, except as far as the cost is concerned on the trunk

A (Cont.) highways, and the Province would continue to pay the same cost as they are paying now on construction and maintenance; but as to the ownership and control from the point of view of traffic and building adjacent to them and so on, it would come as part of the general city regulations.

MR. HAYES: You understand that the roads in the city belong to the city. They can close their streets and close their lanes -- they can do whatever they like, without referring to anyone.

A That's right.

MR. HAYES: You can't do that out in the rural areas because the rural municipalities are simply custodians of Provincial roads; in other words, the road doesn't belong to them to do as they would like to do.

A Yes.

MR. HAYES: It seems to me if you had a road under the same category going through the city, you would not have the right to put these toll gates along such as the meters you have in places. Would you like that?

A No, I don't think they would like that; I think they would want the right to continue to do that.

MR. HAYES: I take it that they would. However, the point of it is that what you are suggesting is that these Provincial roads which are now maintained by the Province in the rural municipalities, whatever grants are available to them would be continued even though the road itself was turned over to the city?

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A This is designated Provincial trunk highways only.

MR. HAYES: That's right, but whether they are Provincial or what they are, everything within your boundaries belongs to the city.

A Yes.

MR. HAYES: Yes, and we would presume that if your boundaries are extended you will own more roads.

A That's correct.

MR. HAYES: You want control of the roads but to have the Province continue to make grants -- or even to maintain and keep up the Provincial highways as they are now maintained and kept up in the rural areas.

A That's correct, yes; that's what the request is; and I think in logic you could carry it farther than that and ask it to be extended right through the city; but the request here is simply for those Provincial highways which are located in the enlarged area.

MR. HAYES: It seems to me you might have a strong point if you said you ~~were~~ quite prepared to accept exactly the same status of a road in the rural area, but you are asking for a concession here -- in other words, you want the road -- you want your cake and to eat it, both.

A No, no, because I think you've got two separate problems, Commissioner Hayes: you got the problem of the control with respect to adjacent areas, the building of service roads to serve parallel to the through street; you've got the question of meters

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A (Cont.) and so on.

Now, that, I think, is a matter quite separate from the cost of providing a road to service traffic to and from the city, and if a road is primarily a road serving traffic to and from the city and is not primarily a road servicing within the city, then there is no difference between that road and one on an adjacent municipal district, if it's primarily servicing to and from. The cost of providing a standard which will service to and from I think is properly a Provincial cost.

Now, if there are extra costs, then it's properly chargeable against the city, but that is a different consideration.

At the present time the Province is providing a road of the standard which it considers good, to serve traffic to and from the city, and there is no reason why it should not continue to do so. If the city wants something else, something better, something more elaborate, that is its problem.

MR. HAYES: Would you go so far as to say that the Provincial roads, if they were made and maintained by the Province, and a farmer who came in here, he wouldn't have to pay, for instance, the meter tax?

A Well, the meters are when you are getting into an area where you are providing something a lot more than simply a road to carry traffic to and from. Then you are into a case where you've got a full width pavement, you've got a road that's being used for a lot of local consideration.

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A (Cont.) If a farmer wants to drive in on the highway and park somewhere out in the part of the city where there is plenty of room for him to park, I agree he shouldn't have to pay very much for his parking privileges, but if he wants to come down and park in the downtown area, where there are a lot of other services being provided besides than simply a road to travel back and forth on, then it is a different condition.

MR. HAYES: Well, you would say these roads are primarily to bring people into the city?

A Both directions: to bring supplies out from the city to the farmers, and bring the farmers in.

MR. HAYES: It seems to me if I were coming into the city, though, and if I wanted to park along the Provincial highway, I would have the same rights along the Provincial highway within the city boundaries as I have outside.

MR. DAVIES: You haven't got much outside right now, it's against the Vehicles and Highway Traffic Act; you've got to pull off the Provincial Highway, you have to turn off into a municipal road.

MR. HAYES: No, no, I stopped to fix a flat yesterday, and no bother at all.

However, that's the point as I see it, comparing municipal roads and city roads: the city owns its roads, and the rural municipal district doesn't own any roads. In other words, any grant that the municipalities might get from the Government is just to fix their roads, not the municipal roads;

MR. HAYES: (Cont.) and any grant you get here is to help you maintain the road over which you have full jurisdiction. In other words, you can close off the road wherever, we'll say, highway 16 or highway 2 comes through the city, for instance, you have the right as a city to close off the road, and divert the traffic to some other place. You have that right.

A It's a pretty expensive price to pay for that right, though, isn't it? I don't think the right is of any great significance one way or the other; I think the important thing is: who is going to pay the cost of a standard road that you can travel ^{and who will pay} on, up above that standard.

MR. HAYES: I think the first question is to decide whether you want the Province to own the streets.

A No, the answer is that it wouldn't work that way; and the Province wouldn't want to own them; they wouldn't want to have anything to do with that kind of thing.

MR. HAYES: I don't think they would. However, I wanted to get that distinction: whether you thought that the Provincial roads running through the city should revert to exactly the same status as Provincial roads out in the rural areas or in the villages or towns.

A I think the answer is definitely no; neither the city or the province would want it on that basis. They both would agree that it's better to have the city responsible for all that kind of thing within its boundaries.

MR. DAVIES: Mr. Moffat, you are aware that although the actual title to the land on a road within the municipal district, or a village or a town, has to be vested in the province, in point of actual fact, in the Municipal Districts Act the responsibility for maintenance and repair of the road is forced on the municipality by Statute.

A Yes, yes.

MR. DAVIES: And there is liability on the municipal district in the event they are in default in keeping the roads in repair.

A Or if there is any accident on the road it is a responsibility of the municipality.

MR. DAVIES: So for myself I feel that the question of the title to the roads in the municipalities being in the Province, in the Crown, is largely just a matter of convenience.

MR. HAYES: Well, convenience -- it is an actual fact.

THE CHAIRMAN: Have we disposed of the roads?

A I hope so.

THE CHAIRMAN: All right.

A Then, the next section is the question of Provincial grants toward the cost of municipal services in the enlarged area, and this one was discussed briefly the other day and I don't think I need to go into very much detail with respect to it.

The principle which is being advocated is that in the case of these adjacent areas, particularly Jasper Place and Beverly here, and

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A (Cont.) Bowness, Forest Lawn and Montgomery in Calgary, the responsibility for putting services into those areas is one which belongs in part to the city and in part to the Province. They both have responsibilities to it, and they both have done things in the past which they should not have done, and there should be some arrangement for both of them taking a share in the responsibility.

Now, we wouldn't object, the city certainly wouldn't object to going the whole way and saying that the Province should take all the responsibility, but the suggestion here is, shall we say, more modest: the suggestion is that the cost should be divided fifty-fifty on the basis that the usual local improvement charges would be levied, and then the balance would be split fifty-fifty between the city and the Province.

Now, related to that is the fact that someone will have to finance the thing in the first instance, and in that regard there's only one possibility: and that is that the Province must do it. The city is having enough trouble financing its own affairs without having to take on the financing of that one.

So the proposal is, then, that the Province should make available the capital over a fairly long period at the best interest rates they can see their way to do.

Then, the repayment of those debentures should be by charging local improvement its share,

A (Cont.) and then splitting the balance, fifty-fifty between the Province and the City over whatever period they consider to be reasonable under the circumstances.

MR. ROBISON: Mr. Moffat, when you say debentures over a fairly long period, have you anything in mind beyond the usual debenture period that runs, say, twenty or twenty-five years?

A No, the thought was that possibly 25 years would be the most reasonable figure.

MR. ROBISON: What I was thinking of was this matter we have had before us before of extending the time to 30, 40, 50, even 60 years, having regard to the life of some of the utilities. What do you think of that?

A Well, it depends an awful lot on the interest rate. If the interest rate is going to be up to three percent, or three and a half percent, that long term means that somebody is taking on a pretty heavy responsibility on interest, and they might as well get it over with and get it paid off, rather than extend ~~it~~ that far. If, on the other hand, the Province could see their way to two percent interest, then the longer the term the better.

MR. ROBISON: Should there be any necessary relationship between the local improvement term and the term of these debentures?

A I don't think so, necessarily; I think this is only a method of spreading the cost of putting in the services. I don't think it is in any sense a method of recovering the cost in order to be in a position to

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A (Cont.) replace them when the time comes to replace them. I think it's purely a formula for dividing up and spreading over ^a period of years the cost of putting them in; so I don't think it's in any way necessary to have it related to the life of the item.

Now, I wouldn't go that far in the ordinary case, because in the ordinary case you have other considerations. If you have a local improvement that's only likely to last five years, I think you should pay for it in five years.

But that isn't the problem here. The problem here is distribution between the general city taxpayers and the general Provincial taxpayers of the cost of a service that everybody agrees has to be put in and got straightened up, and that should have been dealt with sooner, probably.

MR. ROBISON: There is another matter just in this connection that I would like to just clear, if you can clarify it.

In Bowness and in Montgomery -- being in a local improvement district -- that is before Montgomery was incorporated -- or rather, before Bowness was incorporated -- it can fairly be stated, possibly, that the Provincial Government has some responsibility for having allowed that development to go on the way it has, having regard to the health conditions.

A Yes.

MR. ROBISON: Now, can any such allegation be made here? Can anyone be heard to say that the Provincial Government

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MR. ROBISON: (Cont.) has a direct responsibility for having permitted Beverly and Jasper Place to have gone on the way they have, if there is a health hazard or any other hazard? I have heard nothing about it up here.

A Well, I don't think you ^{have} got the health hazard in the same way that you have in the Montgomery situation, but you do have this: that the growth of these areas, especially in the last few years, is certainly something from which the whole Province has benefited to some extent, and for which the whole Province has been responsible to some extent. They represent a growth of population who are to some extent serving an area much wider than the urban core -- as we have been calling it. To some extent they represent the impact of oil, to some extent they represent just the general movement of population from the rural areas to the city.

Now, I don't think you can put a specific figure on it and say this much is the responsibility of the Province, and this much of it is the responsibility of the local community. I think you have to take some very rough broadaxe approach to the thing and say, well, we are going to divide it up.

I don't think you have the specific kind of a situation as you have in the local improvement district, the situation at Montgomery. Now, that doesn't mean that the treatment in Montgomery should be any different, because the primary considerations

A (Cont.) there are the same as the primary considerations here. The other point is a fairly small part of the whole.

MR. ROBISON: Well, I don't know; I feel there is a difference. When I read that medical report covering Bowness and Montgomery I was shocked, frankly, and I think it makes it mandatory on somebody, some authority, to do something as soon as possible to alleviate the situation. Now, I don't feel the same urgency with regard to the situation up here.

A That may be true, but that doesn't necessarily mean that the Province should pay any more or any less share of cost. Maybe the Province through its health regulations should insist that something is done, but the requirements as to proper sanitation and health are general requirements, and I don't think that necessarily should determine the allocation of final cost.

Now, the original financing problem is pretty clear: there is only one way it can be done and that is for the Province to advance the money; but the final allocation of how that is to be paid for is not necessarily a health consideration.

MR. DAVIES: Mr. Moffat, you implied in what you said a moment ago that the city was responsible partly for Jasper Place. Now, it's not clear to me what the reasons are that you take that view. For example, we have evidence that people went to Jasper Place because the housing regulations, the house building regulations in Edmonton were too severe for them.

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MR. DAVIES: (Cont.) Well, for myself I wouldn't want to blame the city of Edmonton because they made regulations that meant that Edmonton wouldn't be a city of privies. Now, why is it that the City of Edmonton is partly responsible for Jasper Place in your view?

A Well, primarily because the people out there are mostly working downtown and the tax revenue is available in the city. It's the same old argument that we have **had** with respect to the industry in Strathcona, and the same principle applies exactly.

MR. DAVIES: And that is the sole basis?

A No, I wouldn't say it was the sole basis, but that is by far the primary one.

MR. DAVIES: Thank you.

MR. ROBISON: Are you going to have anything to say as you go along Mr. Moffat -- I don't want to interrupt here -- about housing of any kind?

A The present plan is no.

MR. ROBISON: Don't you think it would be wise for the City of Edmonton to think about this matter of housing?

A Well, it would be very wise for them to think about it and they have been thinking about it, but they haven't any proposal to make to you in the way of recommendation as to what you should recommend.

MR. ROBISON: Have you read the provisions of the City Act with respect to the city powers in regard to housing?

A I have not.

MR. GARSIDE: We can give that to you, sir.

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MR. ROBISON: You have, Mr. Garside?

MR. GARSIDE: We have it -- not here but we can give it to you this afternoon.

MR. ROBISON: I am concerned; personally I would like to hear something from the City of Edmonton in respect to -- the municipal corporation -- about housing.

MR. GARSIDE: Well, Mr. Chairman, I am certainly going to ask Commissioner Menzies.

MR. ROBISON: And it could be a matter of, well, I don't know, a policy maybe -- some responsible body, as far as I am concerned, has got to say something about housing.

A On this question of the improvements in the adjacent areas, there is a difference between the information that was provided in Calgary and the information that was provided here in that the Calgary figures appear to include the whole program including the sanitary sewers, because as I understand it there are no sanitary sewer programs in there, and therefore they were included in the same category as the other items, in line with the discussion that we had the other day.

Now, we want to make it clear that the thought here is that whatever is done by way of financing and sharing of costs should be on the same basis in both areas -- in other words, the sanitary sewer item ought to be treated in the same group as the others for that purpose, and the approach to the whole thing on the same basis, and not penalize Jasper Place and Beverly in this area

A (Cont.) because they had already gone ahead and got their sanitary sewer situation into shape. There is no reason why they shouldn't get grants in respect to it just as much as the other three areas in Calgary who had not got busy and done anything about it at the present time.

Now, that's, as I pointed out the other day in discussing Exhibit 171E, involves you to some extent in the taking over of debt rather than the putting into effect of a program, but in principle it is all the same problem, and the fact that one group got busy and did something about it a couple of years earlier is no reason why they shouldn't get the benefits of any financing aid and any Provincial sharing of the cost.

MR. DAVIES: What you are saying now is that the Province should share the debt, the capital debt on these projects?

A Yes, what we are saying is that they should share the capital debt on all the projects whether they were done within the last couple of years or whether they will be done after the change takes place, and that should apply to roads, streets, sanitary sewers, storm sewers, lanes and sidewalks and so on.

I think the approach in all cases should be on the basis of dealing with the debt item rather than getting involved in the actual administration and laying out of programs, etc.

THE CHAIRMAN: Now, does that bring you to the end of this matter?

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A No, there is still the question of Provincial property.

THE CHAIRMAN: Yes.

DR. HARRIES: May I ask a question at this point, sir?

THE CHAIRMAN: Yes.

DR. HARRIES: I am wondering -- as I understand it you are recommending that the Province accepts some responsibility for bringing these areas up to standard. Is it the recommendation of the city that the responsibility of the Province be a continuing one in connection with substandard areas -- they wouldn't be "substandard" areas, they would be low income areas?

A No, the suggestion made here is purely one of accepting responsibility, (a), for the financing; and (b) for the carrying charges on the debt which will be created in order to bring them up to standard in the first instance. That's the only suggestion here: the one-time approach.

DR. HARRIES: May I ask one other question, sir?

THE CHAIRMAN: Yes.

DR. HARRIES: Has the city considered the extent to which that suggestion would actually meet the problem that is indicated by the existence of an area like Jasper Place?

A Yes; well, that is a very important question -- that is a question something like the housing question on which there has been considerable discussion but nobody has come up with the concrete proposal as to what should be done about it. Certainly I think everybody agrees that something should be done about

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A (Cont.) it, but it is a problem which is to be approached in terms of a pretty fundamental change in policy, if it is going to be approached at all, and the city at this stage is not ready for a concrete recommendation on it.

DR. HARRIES: Then, if I may -- I understood the city's suggestion to be that the Province bear 50% of the capital cost of bringing these areas up to standard.

A That's right.

DR. HARRIES: And, then, as I understand it, approximately the other 50% would appear not as a debt of the city but as a local improvement charge.

A No, no; take the local improvement charge out first, and then of the balance that is left 50% would go to the Province and 50% to the city.

DR. HARRIES: All right; now, I am going to ask you this: my calculations indicate that that would impose upon the population of Jasper Place and Beverly a local improvement cost which would be in the order of \$220,000.00 a year; and if that figure is correct, what it means in effect is that the actual tax payment by people in Beverly and Jasper Place would be considerably higher than it is today, and if that be the case then may I ask the question: do you think that on the basis of the income levels in those two areas that that is a sensible or that that is a practical way of meeting the problem? In other words, what I am suggesting is: can the people pay for the increased standards, even given the type of Government grant you are suggesting, and

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DR. HARRIES: (Cont.) in addition, what about the local cost of connecting up the services? We have the local improvement taxes, but we also have rather substantial investments -- .

A Yes, I understand -- .

DR. HARRIES: Do you envisage any Government help necessary to take care of those? -- now, that's a long winded statement but -- .

A Yes, yes -- well, those are all very good questions.

Well, first of all, the \$220,000.00 per year figure: my first reaction is that that may be a little high. It depends on the period over which you are financing; and aside from that it is true that there is a pretty substantial item of local charges.

Now, it will be recalled that when the first discussion took place as to what will happen to the level of taxes in Jasper Place and Beverly, it was pointed out that although the general tax would probably come down because of difference in the assessment and mill rate, the total amount payable would probably go up because of local improvement charges which would more than eat up the difference in the general rate, and that has been understood as far as the representatives were concerned -- at least I think it has been understood as far as any representatives from either Jasper Place or Beverly were concerned; that is that part of it.

Now, secondly as to the general proposition, I don't think that it would be too

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A (Cont.) desirable or proper that something special should be done for Jasper Place and Beverly and not done, say, for Calder or some areas in North Edmonton, and that the approach in terms of something special for areas which cannot afford this kind of service should not be an approach in terms of Jasper Place and Beverly; it should be an approach in terms of general city policy for areas of that sort, and on that particular point the city is not in a position to give a concrete recommendation.

DR. HARRIES: Then the last part of the question, sir, was: do you believe that the present population of Jasper Place and Beverly can pay for the services, can pay the tax burden that these increased services will place upon them?

A Well, they seem to think so because they are going ahead with the most expensive one, the sanitary sewer scheme, and they tell me they are getting along reasonably well with it, and the installations are going ahead fairly well. The last figure I heard was somewhere around 60% connected up in the first year -- which is pretty good. So they seem to think they can go ahead with that one. Now, that is by far the most expensive one in terms of local improvements. I wouldn't think that the problem is much more serious there than it is in some of the existing areas within the city limits.

MR. ROBISON: What about this business of standards again -- "brought up to city standards" -- you see,

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MR. ROBISON: (Cont.) 25 years ago the best installations in the City of Ottawa and Montreal are now the common installations. I suppose Commissioner Menzies would be in a position to tell the Commission what the minimum standards are that are contemplated; is that correct?

A Yes.

MR. ROBISON: I am concerned about those standards. What are they going to put in out there? Are they going to put in roads, streets? Are they going to pave? Street lights and all those matters? I would think if we are going to go to the Provincial Government and say, "Here, we are asking you for 50% of a certain figure;" if that is what we were going to ask I would think they would be very interested in these standards. What are they going to buy?

A The instructions to the Engineers Department were to estimate the cost of putting in a standard of service similar to the standard of services in a similar area in the city. They reported back and said: we can't give you that because we don't know what a similar area in the city would be; so what they did was put their estimate on the basis of what it would cost to put in the kind of service that is going into the new subdivisions. Now, that is a little higher, actually, ^{than} /shall we say, average or prevailing standards over the whole city, but their report back was: we can't give it to you in terms of standards equal to the same type of area in the city, but we will give it to you in terms of the standard

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A (Cont.) which is going into the new subdivisions.

MR. ROBISON: I would be afraid of that -- just offhand; I am thinking of certain subdivisions with which I am very familiar, and I am thinking of these outlying areas in Calgary. Now, if you are going to put standards in on the basis of those subdivisions, I don't know how those people are going to handle the local improvements.

A Well, they have always got the option, you see, of asking that the local improvement part of it not go ahead: lighting, curbing and so on; they've always got that option, and it is a pretty useful option for them to have; and they have already on their own initiative gone ahead with sewer and water -- .

MR. ROBISON: That option isn't absolute, though.

A No, it is not absolute but it could be made so if it is thought desirable.

MR. GARSIDE: Are you able to tell the Commission the foot cost of all those improvements?

A No, I couldn't.

MR. DAVIES: Mr. Moffat, is there in existence at the Civic Block a list showing what all these things are in (a) Beverly and (b) Jasper Place, that make up the estimates as to what comprises bringing it up to standard?

A Well, Exhibit 29 is the report of the Engineers Department, and Mr. Menzies could probably give a little more detail on it.

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THE CHAIRMAN: Mr. Moffat, how long will your remarks on exempt property take?

A Oh, I would think not more than five minutes would conclude all I have to say on it.

THE CHAIRMAN: Commissioner Davies says there are some questions he wants to raise with you so I think we will ask him to do so now and leave your discussion of exempt property until the afternoon session.

MR. DAVIES: Thank you sir.

There's a couple of other exhibits that I am anxious to get from the city -- you know which they are, possibly: I think there's two, probably.

A I -- .

MR. DAVIES: Would you mind inquiring at noon when they would be available, and I would like to file with you three more, not very comprehensive and I know it will be a pleasure and a privilege for you, Mr. Moffat, to get that information for the Commission; and this one here I want to make specific reference to: this is information that comes off the annual civic census dealing with number of single family dwellings, and the number that are owner-occupied, and this information gives the number of tenants there are in the city. Now, I made this table up for 1953 and 1954 based on information I got over the telephone from Mr. Pollock.

A Have you looked at -- .

MR. DAVIES: Yes, I have looked at that, but I want to go back farther, and I made a note on the bottom of this as to what we want, and I think you could get that out very quickly.

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MR. HAYES: Mr. Chairman, there was one other item the other day when Mr. MacDonald -- was it? -- .

THE CHAIRMAN: The assessor?

MR. HAYES: No, no. One of the real estate men, one of these building projects -- what was he -- President of the -- ?

THE CHAIRMAN: Oh, McConnell.

MR. HAYES: McConnell; did he volunteer to assemble some information on the number of units that might be available for sale or rent?

THE CHAIRMAN: He did, yes; he said he would try.

MR. HAYES: How can we get that?

THE CHAIRMAN: Well, Mr. McGruther might get in touch with him and see if he thinks he is still going to be able to provide this information.

MR. HAYES: Probably we could get it from the National Housing people.

THE CHAIRMAN: Well, he undertook to do it, though.

MR. HAYES: I understood it that way.

THE CHAIRMAN: Well, perhaps in the meantime we will read up what Mr. McConnell undertook to do, or what he was asked to do.

MR. McGRUTHER: He promised to send it but I haven't got it yet.

THE CHAIRMAN: Well, we thought that you might possibly get in touch with him and ask him what progress he is making.

DR. HARRIES: Sir, the city census was mentioned, and I wondered whether it wouldn't be useful to the Commission to have information from the city census

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DR. HARRIES: (Cont.) available when Mr. Dant appeared before you, indicating the change, if any, in density of particular regions, say, over the past three years -- information from the city census dealing with that.

A You see, there is a civic census report, and it might be a good idea to file it, showing -- I have here the one copy for 1954 -- it shows the population divided by male and female and under 21 and over 21 in each polling division of the city.

DR. HARRIES: Yes.

A Now, I think that would give the information if we could get that and file it for several years. How many people are in each polling division, and the polling divisions stay constant.

THE CHAIRMAN: Are those available in sufficient quantities for the Commission?

A I have one here which is mimeographed, so I imagine that means that there should be plenty of copies; this is the 1954 report.

MR. ROBISON: What will that tell you about density if you don't know the area of the polling divisions?

MR. GARSIDE: I can get a plan, sir, showing the polling divisions.

THE CHAIRMAN: Mr. Garside, will you inquire if statements similar to this for other years are available?

MR. GARSIDE: I will, sir.

THE CHAIRMAN: Yes, thank you very much. Well, then, we now adjourn until two this afternoon.

(At 11:59 a.m. this date the Commission stood adjourned until 2:00 p.m. this same date and reconvened.)

PROCEEDINGS AT 2 P.M.

MR. GARSIDE: I would like to file another exhibit, sir.

THE CHAIRMAN: Yes, Mr. Garside.

MR. GARSIDE: It is headed "Analysis of Sales, Revenue and Expenditures -- the City of Edmonton, Electric Light and Power distribution system".

THE CHAIRMAN: 217E.

DR. HARRIES: Would this be a convenient place, sir, to put in a reference to Dr. Lazerte's speech that was mentioned this morning?

THE CHAIRMAN: Yes, just a minute, "Analysis of Sales, Revenue and Expenditures, Electric Light and Power Distribution".

DOCUMENT ENTITLED "ANALYSIS OF SALES, REVENUE AND EXPENDITURES, ELECTRIC LIGHT AND POWER DISTRIBUTION" IS ENTERED AND MARKED EXHIBIT 217E.

THE CHAIRMAN: Yes, Doctor Harries.

DR. HARRIES: Sir, I wondered if it would be convenient now to read in the reference to Dr. Lazerte's speech that was mentioned?

THE CHAIRMAN: Yes, I think it would be. Mr. Moffat, Doctor Harries is proposing to read into the record an excerpt from Doctor Lazerte's address.

MR. ROBISON: Give the full heading --

MR. MOFFAT: Yes, that's fine.

MR. ROBISON: -- and the title of it.

DR. HARRIES: What I propose to read is a quotation from the speech entitled "Address on Education" given by Dr. E.M. Lazerte, Edmonton, Friday, November 5th, 1954, given to the Union of Alberta Municipalities Convention Calgary, Alberta.

DR. HARRIES: (Cont.) Doctor Lazerte speaking about the problem of standards said as follows:

"I don't know the relationship between costs and quality. It may be that somewhere the most highly qualified teacher is giving poor schooling to the children, I hope not. It may be that some teacher with low qualifications, with a salary of \$1200.00 is giving good education, but there we are talking about individuals, and if you are dealing with ninety five thousand teachers in classrooms in Canada, you are dealing with averages, and I believe in the long run there is a relationship between costs and quality."

And then after ^{quoting} some statistics he goes on to say:

"If you take the number of teachers with University degrees; the percentage of attendance; high school grades, you will find that the provinces that have the high expenditures are at the top in other characteristics we think desirable."

And then further on he says:

"A natural question at this point is what is the relationship, if any, between costs and quality?

I will take two provinces: the average annual expenditure per pupil per year in one province is \$89.00; in another one it is \$199.00. The average grants paid by the government amount to \$31.00 in the first and \$65.00 in the second.

The per capita expenditure on elementary and secondary education \$17.00 and \$37.00; the medium salary of teachers thirteen hundred and fifty five and twenty eight hundred and forty respectively.

DR. HARRIES: (Cont.)

"13% and 91% respectively of the teachers in these two provinces receive a salary of at least \$2,000.00.

What about the education side? The average number of years of training and education of the people administering education in the classroom is 12 years in the first province and 13 in the second. Percentage of men 12 and 14; the percentage of university graduates teaching on the staff: 2 and 22. The ratio of full time and part time instructors in practical Arts, 2 and 5. The percentage of classrooms in one room schools 49% and 19%. Vacancies at mid summer 39% and 25%. Years of schooling completed by people who have ceased to attend, 8.1 and 8.6. The percentage of children of high school age not attending high school 60% and 50%. The percentage of attendance of pupils at school 84% and 92. The percentage of grade 2 students carrying on to grade 11 level, 24 and 35. The percentage of pupils in high school grades, 15 and 20.

I am simply giving you these two sets of figures so that you may form your own judgment as to whether there is a cost-quality relationship."

THE CHAIRMAN: Yes, Mr. Garside?

R. E. MOFFAT recalled on his former oath, testified as follows:

MR. GARSIDE EXAMINES THE WITNESS:

Q Mr. Moffat will deal, I think, with one more species of provincial grants and exemptions. What is the species of grant you are going to deal with, Mr. Moffat?

A It's the provincial grants in lieu of taxes on provincially owned property.

A (Cont.) The argument has been advanced at several points to the effect that a municipality whether it be rural or a city cannot maintain itself purely from taxes it gets on residential property, and indeed from the taxes it can get from residential and commercial property unless it has industrial property as well.

Now, there has been some discussion as to just how far it would go in the hole so to speak, if it didn't have industrial, but the exhibit put in by Strathcona with respect to the cost of providing services for the subdivisions in their area is probably the clearest statement we have had yet of how impossible it is for a municipality to carry its services purely on the basis of residential.

Now, the argument has been developed primarily in terms of the industries in the Strathcona area, and the principle being that their taxes to local government should go to the municipality that is providing the services to their residents. It is equally strong if not even stronger in the case of plants or factories located within the City, whether those plants or factories are manufacturing goods, or whether they are manufacturing services for the whole of the province. If a life insurance company has an office downtown in Edmonton and provides services for its policy holders all over the province or Western Canada, one of the costs that has to be added into the charges that they levy for their policies is the cost of their contribution towards municipal services.

If a bank or any other administrative enterprise that is operating in the downtown part of the City, the same

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A (Cont.) thing applies. Now, the principle we want to advocate is that the same thing should apply to the provincial government buildings and the federal government buildings, that they are providing a service to the people of Alberta, and one of the costs of providing that service is the cost of providing the municipal services for the employees that are engaged, and that's right and proper that included in the cost of services should be the amount that would normally go for municipal services, and if the B.N.A. Act provides that government owned property is exempt, well then, it can't be done by way of taxes, then there should be a grant in lieu of taxes of a corresponding amount.

Now, I think in its simplest form that is the proposition.

MR. ROBISON: Now, let's be specific. In connection with the Act that the province has passed, the Municipal Grants Act, I have a copy of the Act in my room, they pay taxes on the liquor stores and on the Marketing Board offices, I believe, are those the only two?

A As far as the City is concerned it's the liquor stores seems to be the only ones.

MR. ROBISON: It's only the liquor stores in the City. Well, would the recommendation of the City be that that Act be amended to comprehend all commercial enterprises operated by the Provincial Government, would that be the recommendation?

A Well, I don't think the recommendation goes to the particular form in which the legislation should be, whether it would be an amendment to that Act or something

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A (Cont.) else, but it does go to the extent of saying "all enterprises", commercial or non commercial. In other words, any enterprise that is providing services for the whole province, whether it be administration of education for the whole province or administration of justice for the whole province, anything that is providing a service for the whole province should make its usual normal type of contribution towards municipal services.

MR. ROBISON: You will remember, Mr. Moffat, probably better than any of us that in the Manitoba Report they drew a distinction between two kinds of government operations with respect to grants, do you remember that? The large, for example, the Parliament buildings, the Court House?

A Yes.

MR. ROBISON: They felt that there was a special case for not assessing buildings of that kind at full value at all?

A Well, that discussion was in terms of how you measure a reasonable amount of contribution, in other words, what kind of an assessment do you put on those cases where there are special buildings that are built for ornamental or some other purpose other than normal administrative requirements, but the principle stated in there was that they should make normal contributions towards municipal services, and then there might be some special consideration as to how you make the assessment.

MR. ROBISON: But the Government didn't accept that down there, did they?

A They accepted it in respect of land but not buildings.

MR. ROBISON: That's right.

A And they accepted it in regard to buildings for the commercial enterprises.

MR. ROBISON: Yes, but not the other buildings?

A Not the other buildings, no.

MR. ROBISON: Is it your proposition or the City's proposition that take Edmonton, that all the buildings of the provincial government in the City of Edmonton on some basis should pay for services supplied by the City of Edmonton?

A Yes, on some basis, the services provided both to the buildings themselves and to the employees.

MR. ROBISON: Municipal services?

A Yes, and that would apply also to the University.

MR. ROBISON: Quite, that's right.

MR. HAYES: They pay their light bill now and their water and sewer?

A Oh, yes.

MR. HAYES: The only thing they don't pay on the building itself, for instance, here is a court, they don't pay on the building or the land?

A That's right, they don't pay the normal taxes, but they do pay the charges for services rendered in the way of electricity supplied, water supplied and taxes on sewage and that kind of thing, but they do not pay anything in the nature of a tax.

MR. ROBISON: Has the City anything to say about, apart from the provincial government, about what exemptions, other exemptions?

A Well, as far as the federal government is concerned, the same, they would take the same basic position.

MR. ROBISON: But apart from them, churches and Y.M.C.A. and legion halls, as you know, there is a school of thought that says everything should be assessed. Has the City any statement on that?

A Well, the only statement is this: that, if you put charges on those for municipal purposes and if they are providing services primarily to the local community, which these types of enterprises are, you are really only asking the same people to pay money to themselves in a different pocket, and take the most extreme case, schools, if you were to take the exemption off schools you would just have to raise the school tax levy to raise the money to pay it back into the general revenue. Now, the same thing applies to churches and legion halls and Y.M.C.A.'s and so on. The distinction between services which are provided generally as contrasted to services which are provided to people in the community, and if the money was to be raised, it would be raised from pretty much the same people who would receive the benefit of the tax reduction, and the principle which lies under that is that the local community through its council should be in a position to decide which way it would like to deal with it, and it's quite acceptable if they wish to deal with it by providing it in the form of a tax exemption. I have never seen any really strong advocate of taxing that kind of property.

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MR. ROBISON: Well, the tax commissioner of Rhode Island, for example, says that it's time that we realized clearly what we are doing with these exemptions, that we are subsidizing, that's what it is, we are subsidizing churches, Y.M.C.A.'s, halls of all kinds, and he says if you put that up to the people clearly, sometimes there would be more of an objection possibly to it than there is when we just exempt them.

A Yes.

MR. ROBISON: And I think, for example, some Baptist churches in the United States that have refused subsidies of that kind and have refused exemptions, didn't want anything to do with the State.

MR. GARSIDE: Perhaps at this point I should point out to you section 336 of the City Act by which councils of cities are entitled to pay certain grants, and the City has passed a bylaw under this section, a copy of which I will get for you.

MR. ROBISON: Just a minute, section 336, is it a long section?

MR. GARSIDE: No.

MR. ROBISON: Well, I think I was referring to that myself the other day.

MR. GARSIDE: "The Council may pass bylaws providing for grants to hospitals under such terms and in such amounts as may be set out in the bylaw;

(b) providing for grants to charitable organizations, welfare societies, childrens' shelters, clinics, St. John's Ambulance Association, the Young Men's Christian Association, the Young Women's Christian

MR. GARSIDE (Cont.)

" Association, the Canadian National Institute for the Blind, Veterans Organizations and such other organizations or associations as the council deems to be acting in the promotion of the general social welfare in such amounts as may be set out in the bylaw. "

Now, the City has passed a bylaw under that power, and I think perhaps I should bring a copy of it to you. What is done is to, usually is to make a grant to the particular association of an amount equal to the tax levied.

MR. ROBISON: Yes. That in essence is a subsidy, that's what it is.

MR. GARSIDE: I think that the council feel that they get sufficient assistance in relation to, we will say looking after indigent; looking after recreation and that kind to justify the allowance.

MR. ROBISON: That doesn't apply to churches?

MR. GARSIDE: No, churches, of course, are exempt from taxation. I may say, of course, that we do not exempt the Minister's houses in Edmonton.

MR. ROBISON: In Edmonton do you exempt church halls?

MR. GARSIDE: It depends, generally speaking, yes, if they are used for the purpose of Sunday School teaching.

MR. ROBISON: Well, you see, we get into a great field of discussion because a lot of these church halls are used for all kinds of secular purposes.

MR. GARSIDE: Under the old City, Edmonton Charter we had permission to tax the church halls whenever used for some lay purposes.

MR. ROBISON: They have gone so far as to hold wedding receptions in them now, dry, of course. You agree, Mr. Moffat though, with the statement I have made that these exemptions are really subsidies, apart from the governments altogether?

A They are subsidies, but they are the local community subsidizing itself pretty largely or subsidizing groups which it considers to be sufficiently representative that they treat them as if they were the whole community. I think there is an important distinction between those kinds of cases and cases where the service is one which is spread over a much wider area or over a group quite different from those who are paying the taxes.

THE CHAIRMAN: Mr. Moffat, you are treating the two topics, you are integrating your answers as regards the points that Mr. Garside mentioned of exemptions and your suggestions as to taxation, or as to making of grants rather than taxation.

A Well, insofar as they relate to these kind of services that are charities and religious, yes.

THE CHAIRMAN: Have you completed now what you want to say about this?

A That's all I had in mind to say on the question of provincial grants.

MR. ROBISON: Just to complete that, having regard to the Terms of Reference of this Commission, what might we say with respect to the federal government?

A I don't think you can say anything with respect to the federal government except to endorse the principle, and every time a commission endorses a principle in respect

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A (Cont.) to the provincial government, it gives that much more weight to whatever is being done with the federal. The federal is moving much faster than the province in this direction, and every extra body that has that to say in its recommendation becomes one more factor in forming public opinion with respect to the federal.

MR. ROBISON: You are assuming the people are going to read the report?

MR. DAVIES: Mr. Moffat, there is one question I want to ask you. Are you able to give this Commission any information on what the practice is in other provinces of Canada with respect to provincial contributions towards provincial property in urban centers or otherwise such as we have been discussing?

A In Ontario about two years, maybe three years ago they put through a very fine sounding Act which said that they would pay taxes on all provincially owned property, and in the statement when that was introduced, it was made clear that that included the Queen's Park property which is the Parliament Buildings in Toronto. When you read the Act more carefully, you find it's on a basis of assessment which is to be determined by the province. It wasn't the ordinary assessment just given to the City to calculate, and I have not been able to find out exactly how that assessment was worked out. I understand the approach that was being made was that the City Assessor would prepare an assessment and submit it to the provincial authorities, but the actual assessment itself would be made by the province, but I haven't heard

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A (Cont.) how it has worked out, but the legislation reads quite sweeping in respect to the property on which they pay.

In Manitoba, as Commissioner Robison has just brought out, the recommendation by the municipal members of the committee was to go the whole distance in terms of a grant in lieu of taxes with a special provision that in the case of the ornate buildings like the Legislative Building and the Court Houses and so on, the taxes would in some way be related to the number of people that were employed in the building on the basis of assessment roughly equivalent to what the assessment on an ordinary business building would be to house that same number of employees, but the government when they came to implement the legislation didn't do it in respect to buildings, they did it in respect to land. The argument is still going on with the City of Winnipeg as to what should be done in the case of buildings, but they have gone into all the commercial utilities and the gaol farms and liquor stores are all on grants in lieu of taxes equal to the normal assessments. Now, I'm not in a position to give you an answer for the others.

MR. DAVIES: There is a specific Act dealing with it, is there, in Manitoba?

A I think it is an Order-in-Council, I think the Legislation gives authority and the the actual thing is spelled out by Order-in-Council.

MR. HAYES: You are not suggesting that the government change its policy and give grants and pay taxes on all Crown property?

A Well, I am dealing here only with the situation within the City. When you get outside the City you get into other complications, of course, because so much of Crown land is land of very little value for ordinary agricultural purposes. Anything that was good agricultural land has passed over into private hands and the part that is left is pretty largely a separate category, so I'm not in a position to give you anything concrete on that.

We have been dealing only with what is in the City here.

MR. HAYES: Yes, there is a large field there?

A There certainly is.

MR. DAVIES: You have mentioned Ontario and Manitoba, and you don't know what the situation is in any other province?

A No.

MR. DAVIES: Would it be fair to assume that Ontario is making fairly substantial grants then?

A Certainly the way the Legislation read, that very substantial grants, but I'm not able to tell you how it worked out when they put it into practice.

MR. BLACKSTOCK: Does the Crown pay local improvement taxes?

A In Manitoba they certainly do.

MR. BLACKSTOCK: I mean here?

MR. ROBISON: Yes. Don't you agree, Dr. Harries?

DR. HARRIES: The Dominion Government don't, sir.

MR. ROBISON: They don't pay local improvement?

DR. HARRIES: No, sir.

MR. ROBISON: Well, the provincial government does though?

DR. HARRIES: That's right.

THE CHAIRMAN: Mr. Brownlee, have you any questions on this phase?

MR. BROWNLEE: No, Mr. Chairman.

MR. DAVIES: Just a minute, please. Doctor Harries, do I understand now that in respect to the Dominion Government, if the City puts pavement for a block along where a Dominion Government building is, that they don't make any contribution to the pavement or the curb or the boulevard or the sidewalk, is that right?

DR. HARRIES: That's my understanding, sir.

MR. BLACKSTOCK: Or the water line?

DR. HARRIES: With regard to no local improvements.

MR. BLACKSTOCK: They ought to pay a water rate plus a surcharge.

MR. ROBISON: Yes, and just about this time of year too. Has the City ever communicated with the Dominion Government about this, Mr. Garside?

MR. GARSIDE: I will have to get that information for you, sir.

MR. ROBISON: I think it would be interesting.

MR. GARSIDE: Yes.

A The other day I mentioned this thing in respect to federal grants the arrangement that the Air Force is making with respect to a school. Now, since then I have reconfirmed that situation to get it even more clear in my mind. In addition they are undertaking to pay a mill rate equivalent to the municipal part of the total mill rate. Now, that still doesn't apply to local improvements, but their arrangement with respect to the Air Force is that they will pay for the school and pay for the operation of the school and they will pay a mill rate equivalent to the municipal proportion of the total mill rate, but that still doesn't cover local improvements.

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MR. HAYES: Is that just a general understanding or did they put it down in black and white?

A I'm not sure, I couldn't tell you how far its gone to being that specific, but the City officials are quite confident that it's going to go into effect in that manner. Whether it will be a written agreement or not, I'm not sure.

Q MR. GARSIDE: Now, the next subject^{is} connected with the Strathcona Municipal District financial data.

A In any calculation of this sort where there is a proposal for a major change in boundaries, before a decision can be reached you have to decide what is the logical thing to do from the point of view of good administration, and then you have to say to yourself what will it cost, (a) the enlarged area and (b) the area which does not come into the enlarged boundaries.

In respect to the proposal that is being made here, the area which is proposed to be brought within the City out of Stony Plain is relatively small and consequently there is probably no great need to analyze what the situation will be in Stony Plain after it comes into effect. The same thing applies to the area on the north side where a relatively small part of the Sturgeon-Morinville area is being brought in, but when you get to the south and east side, it becomes a very, very important question to know what the Strathcona financial position will look like after the boundary change was put into effect, or, if the boundary change is put into effect.

A (Cont.) Now, Exhibit 212 and 213 were filed the other day to try and throw some light on that question.

I made it clear at the time when we put in the exhibit, and I want to repeat it again now, that there is no attempt here to tell the Clover Bar School Division or Strathcona council what they should do. It's purely an attempt to show what they could do, and whether or not they want to do it that way is one thing that must be very carefully left in their hands, and no attempt should be made to lay down what they should do in the future, but these two exhibits are an attempt to show what the figures would look like on certain assumptions and what they could do on certain mill rates, and the exhibits end up by suggesting figures which could be made effective on the basis of a 46 mill rate.

Now, starting at Exhibit 212, there is nothing new in that exhibit, it is simply a tabulation, the first page of it is simply a tabulation of the 1953 actual figures and the 1954 actual figures for the Clover Bar School District showing where the various expenditures went and where the various revenues came from, and the last two columns are the same material expressed as dollars per student.

There is nothing new in this, we have been over all these before and I don't propose to make any comments about it. The figures are exactly the same as those that were provided by Mr. Harries in evidence as to the per capita amount of the various items, but when you get to the second page of Exhibit 212, this is new material, and it is based on various numbers of

A (Cont.) students and calculated on the basis of a cost of \$200.00 per student to show the total cost, and then to show how that cost would be divided between Fort Saskatchewan and Strathcona if the present boundaries remain in effect.

The latest figure that I have been able to find as to the number of students is two thousand and eighty five at the present time in the Clover Bar School Division, and for that reason the middle figure of twenty one hundred was put in. If the number of students should turn out to be twenty five hundred, it would have to go to the final column, but it should be pointed out that that would be a very substantial increase in the number of students over the number which are now in the district.

If we work on the middle column, twenty one hundred students at \$200.00 per student, it would give a total cost of \$420,000.00. The assumption here is that that \$200.00 per student represents the cost to be paid out of municipal charges, and anything above that would be covered by grants or by capitalized items.

Now, just by way of giving a comparison of that figure with what was spent last year, the final column on the first page shows total current operation of \$214.00 per student and debt charges another \$14.00, making \$228.00, and then the revenues from operating grants and miscellaneous sources were \$54.00, so that the total current operating cost less operating grants and miscellaneous would work out at a little over \$170.00 last year. This is on the assumption that it be \$200.00 for the present year.

A (Cont.) Now, if that cost should apply to 2100 students, then it would be divided between Fort Saskatchewan and Strathcona in the proportion shown there, which means that Strathcona's share of it would be four hundred -- There is something wrong, there is a typographical slip there apparently on that copy because it can't be four hundred and twenty two, I think it should be four hundred and two. I'm sorry, I can't see my original working copy of that, but I will do it in a second here and see what the figure is. Yes, it's four hundred and four rather than four hundred and twenty two, 404880. There is a typographical slip got in there some where.

MR. BROWNLEE: Mr. Moffat, I wonder if you could tell us what year we are talking about in this?

A This is in terms of the present year.

DR. HARRIES: 1955?

A In terms of the present number of students, yes, present number of students and an assumption of about \$200.00 per student, yes, that would be the 1955 year.

MR. BROWNLEE: But you are talking about the number of students in 1954?

A In Clover Bar?

MR. BROWNLEE: Yes, in the 1954-55 school year.

A In the -- well, the figure that Mr. Harries gave us, as I remember it, was two thousand and eighty five students in Clover Bar at the present time. That's the way I understood it, now, that may not be right, and that's page 3975, according to my note.

DR. HARRIES: All that we are wondering, Mr. Chairman, is this an expenditure for 1955 or an expenditure for

DR. HARRIES: (Cont.) 1954, because if it is an expenditure for 1955, you are hardly justified in taking the number of pupils that you have at the 31st of January, you take them on the basis of your September figure.

A Yes, I agree with that, and I made that point clear, that that was the present number of students. Now, it will have to be raised up a little, it has been raised up from two thousand and eighty five to twenty one hundred. Now, how much the increase would be by the end of the year in order to give you an average for the total year would have to be taken into account, that's correct.

DR. HARRIES: It is stated perfectly clearly in evidence, I believe, that the Clover Bar people say there will be twenty five hundred students.

A By the end of the year, yes, that's, if you want to use that figure, you can use the final column rather than the middle column. In any event, the real question is the bottom half of this page, what would be the situation on the basis of the proposed boundaries, and the calculation there is made on the same basis except that the number of students, you have three alternatives, sixteen hundred, seventeen hundred and twenty one hundred.

Now, in order to know which one of those is the most appropriate, we would have to have better population figures as to the number of students in the area. The one set of figures given by Dr. Jonason in Exhibit 112 suggested 438 students in the proposed enlarged area, and if there are twenty one hundred students in the whole area, then that would leave seventeen hundred, a little less than seventeen hundred in the enlarged area,

A (Cont.) put it up to seventeen hundred gives the estimate a little higher than would result from those figures. On the other hand if there are twenty five hundred students in the enlarged area or in the whole area and there are only four hundred in the area taken into the City, then you come out with twenty one hundred. Now, again, in order to give both alternatives, both sets of figures are shown there.

MR. ROBISON: Do you think you will ever agree on the exact number of students?

A No.

MR. ROBISON: Do you think that is ultimately of great importance?

A Not --

MR. ROBISON: The exact number?

A No, not exact, but I think it is important to know whether there are twenty one hundred or twenty five hundred. That range of probability is a little too wide.

MR. ROBISON: Split the difference then.

A Well, that's unfortunately a question that the Commission and its staff will have to deal with.

MR. ROBISON: Well, if experts disagree --

A There are two alternatives here and it's somewhere between those ranges that the actual figure is going to come.

MR. ROBISON: I don't suppose the over all budget, that the difference would be appreciable, would it? Supposing you had twenty five instead of twenty one, is it going to make a tremendous difference if annexation goes ahead, in a budget?

A Well, it would make a difference of about \$100,000.00 on the total Clover Bar budget, and that would be a fairly significant part of the total Clover Bar budget. It would be much more important than \$100,000.00 on the City budget which we were talking about this morning.

DR. HARRIES: Mr. Chairman, as I understand it, it isn't a matter of anyone disagreeing, our figures come from the Clover Bar School Division. We have made no attempt to estimate independently. As I understand it, Mr. Moffat made no attempt to estimate independently, and consequently his source of information must be the Clover Bar School Division. So it would seem to be simply a matter of fact what they said, not what opinion is. I think that's the case. I may be wrong, Mr. Moffat.

A No, I don't think as to what they said, it's a question of what will actually happen by the end of the year, whether the average over the year which is the basis on which school figures have been worked, will be up to that 2500 students or whether 2500 is the maximum they are going to get to by next fall or whether the average then would work out to somewhat below that, and secondly it depends on how many of those students are in the enlarged area, and on that we have no figures that are firm. The best figure we have got is this 438 from Exhibit 112.

MR. BROWNLEE: Isn't that Mr. Jonason's figure there?

A Yes, but as I said this morning, I am a little doubtful of that figure as against the 1200 population for the area, so that either the population figure is wrong or the school figure is wrong.

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A (Cont.) In any case, the illustration ^{given} is here in terms of how that cost would be divided between Fort Saskatchewan and Strathcona, and it's clear that on the proposed boundaries basis the amount which would be chargeable against Strathcona would be much reduced, not only because there is a reduction in the number of students, but also because a much larger proportion of the total would go against Fort Saskatchewan on the way that the assessment would then be divided, and on that basis if you accept the middle figure of seventeen hundred students, then the Strathcona share becomes three hundred and three thousand; if you accept the top figure of twenty one hundred, the Strathcona share becomes three hundred and ninety two thousand.

Now then, that material then is taken over into the next exhibit.

Exhibit 213E, the first page of it is simply a recapitulation on to one sheet of three existing exhibits; 35E, 177E and 188E to show the record of what has happened to expenditures in Strathcona in 1953 and 1954 and what the 1955 projected budget looks like by comparison with the actual.

On the second page of that exhibit it shows Exhibit 188E figures on the reduced boundaries, and this is the one which comes out with the mill rate at 68 and shows what expenditures could be covered out of 68 mills, and the final column there headed "Possible" is based on 46 mills and what money would be available on the basis of 46 mills, and you will notice that the "education" item is carried into that figure at three hundred and

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A (Cont.) five thousand, which is just slightly higher than the middle figure on Exhibit 212.

Now, the City doesn't wish to have any suggestion that this is, as I said before, that this is what Strathcona ought to do, because that is certainly a question where nobody is trying to tell anybody else what they should do. This is simply as an indication of what the possibilities are, and it's relatively easy to apply to this another calculation if schools should be up to three hundred and ninety thousand, what would the effect on the mill rate be; if public works should be up to three hundred thousand what would the effect on the mill rate be, and any calculation anybody can make, which way they like there. This is simply an illustration and a method from which calculations can begin to operate.

MR. GARSIDE: I think you were also going to make certain comparisons here, assessments of school, expenses and mill rates for other adjacent municipal districts?

A Yes. Again I don't intend to go at any great length into these other comparisons, but there are two exhibits, 82 and 89 which show the mill rates and the school costs in some of the adjacent municipal districts for the last few years taken from the, Exhibit 82 is taken from the information published by the Department of Municipal Affairs, and 89 is a calculation which was made from the exhibits filed here showing financial statements of the school districts in 1953.

Neither one of these exhibits are strictly relevant in terms of giving exact answers to anything, but they

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A (Cont.) do give a general impression as to approximately what the prevailing levels in the area that we are concerned with are.

Q Does that also deal with assessments ?

A Yes, Exhibit 82 also shows assessments; assessed acreage; number of farmers and the mill rate total; the mill rate for school and municipal purposes excluding the health units and so on for 1952 and 1953.

Q All you want to do is to draw to the attention of the Commission the existence of those exhibits, without any particular explanation?

A That's correct, yes.

Q What is your general observation as for the reason for bringing this to the attention of the Commission?

A Well, the question of general principle arises, what is the tax burden which Strathcona could be expected to pay without being able to justify some special assistance, and if they can operate on a basis approximately in line with their neighbors, then you have one situation. If in fact their cost of operation in relation to their assessment is such that their tax burden would have to carry them much above their neighbors, then there is no question that they would be entitled to some special consideration, and it is for the purpose of forming a background for those kind of judgments that those exhibits were prepared.

Q Have you any further observations under this particular heading?

A No.

DR. HARRIES: Mr. Chairman in connection with Exhibit 82,
Mr. Moffat?

A Yes.

DR. HARRIES: You give the school and the municipal mill
rate ?

A Yes.

DR. HARRIES: For the neighbors of Strathcona. In view
of the fact that the City of Edmonton is its biggest
neighbor, could you give the school mill rate for the
City of Edmonton in the same year, just for comparative
purposes?

A What year is this you are talking about, '52 or '53?
'52 was 29.18; the 1953 was 31.65 for schools.

DR. HARRIES: That's fine.

MR. BROWNLEE: Mr. Moffat --

A We might add on, the total mill rate was 52.5 in both
years for Edmonton.

THE CHAIRMAN: Mr. Brownlee, have you a series of questions?

MR. BROWNLEE: Yes, Mr. Chairman.

THE CHAIRMAN: Then, I suggest that we have the afternoon
break now and then you will begin when we resume.

MR. BROWNLEE: Sir, it is a little hard to watch the clock
from here.

THE CHAIRMAN: Yes.

MR. BLACKSTOCK: And it without being too obvious.

MR. BROWNLEE: Yes.

(At this point the Commission
stood adjourned until 3:05 p.m.)

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R.E. Moffat - Garside Ex.

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THE CHAIRMAN: Yes, Mr. Brownlee, carry on.

MR. BROWNLEE: Mr. Chairman, in as much as Exhibit 212E and 213E merely summarize the information which is already on the record we see no purpose in making a further reference to them --

THE CHAIRMAN: I said thank you.

MR. BROWNLEE: The only new calculation --

THE CHAIRMAN: I merely said thank you.

MR. BROWNLEE: The only new calculation appears on the last column of Exhibit 213E and this is based on a mill rate of 46 but which Mr. Moffat, I think, admits is more or less purely pulled out of the air and is without any significance and doesn't constitute either his opinion as to what is necessary to operate the balance of the Municipal District of Strathcona nor, does it represent our calculations. Our considered estimate based upon the best judgment of the School Board Officials, of course, the best judgment of the Municipal Officials was presented in Exhibit 188E which shows that the mill rate necessary to operate the balance of the municipality with annexation, in 1955, would be 68 mills and this exhibit has been subject to cross-examination and we submit that it has been substantiated as being correct and under the circumstances I don't think there is any particular purpose in engaging in any cross-examination of Mr. Moffat on these exhibits.

THE CHAIRMAN: Very good, sir. Now Mr. Garside I guess it is your turn.

MR. GARSIDE EXAMINES THE WITNESS:

Q The next subject I would like to, I will ask you to make observations on, Mr. Moffat, are the questions

Q (Cont.) of taking over utilities in the region should the Metropolitan Areas be attached to the City.

A This question came up very early in the hearings, in fact it came up on page 433 of the transcript and I was asked at that time:

"What does the City consider should happen to Calgary Power and its installations for the sale of power in these areas if they are included in the City?"

In reply I expressed a thought at that time in a little broader terms than just Calgary Power, I expressed it in relation to all the utilities of the types which are provided by the City in the City boundary, but provided by somebody else outside and the answer as it appears in the transcript is this:

"The general thought on that, it applies to the power situation, it also applies to the telephone situation, was that the new Council when it was established and operating and after it had dealt with whatever ^{other} problems were involved in getting its administration going would then undertake negotiations looking to buying out."

Now, each of the utilities when they appeared before your Commission seemed to have read that section of the transcript, Beverly Bus Lines, Diamond Bus Lines and Calgary Power all put in suggestions which were essentially the same thing. Some of them suggested a little more specifically how it should be done, others suggested a little less specifically how it should be done. Calgary Power suggested that they should be

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R.E. Moffat - Garside Ex.
- Blackstock Ex.

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A (Cont.) given exclusive rights within the area assigned to them, in other words, they should be left with certain areas in which they would be responsible for the services and where the City would be responsible for services in the balance of the area but after further discussion Mr. Gaherty's final comment, on page 3010 was this:

"I wouldn't anticipate any difficulty, Gentlemen, in our getting together with the City and arranging a swapping of lines and that we could exchange some of our distribution lines for some of theirs so that we could get the whole supply in the areas beyond the City limits more orderly than it is at present."

MR. BLACKSTOCK EXAMINES THE WITNESS:

Q Mr. Moffat, may I interrupt you there. Do you think that that would be a proper recommendation for this Commission to make to the Government, let them negotiate, now, supposing they can't negotiate, what then?

A Well, the proposal we are making is not quite restricted to let them negotiate, it has gone a little bit further than that now.

Q Well, that is what you are going to tell us now?

A Yes, I was just coming to that. I say, this is the position that we took at the start and we are now going a little bit further than that because of the difficulty you suggest. The position which we wish to take now, if I could just read from my notes here, so that I will get the words exactly, the suggestion is that your Commission should recommend that, in respect to electricity, transit and the telephone system the residents of the areas proposed to be brought within

A (Cont.) the enlarge City boundaries the new Council should be authorized to take over the existing facilities if and when they can be efficiently operated in conjunction with those now operated by the City of Edmonton subject to a provision of arbitration if no agreement can be reached within, with the owners as to the compensation to be paid. In other words, it is a proposal, let them negotiate if they can negotiate but if they come to a spot where they can't negotiate new Council would have authority to take over subject to a provision of arbitration. In other words the responsibility would be left to the Council to bring the thing to a head if they didn't get a satisfactory answer on the basis of arbitration.

Q And to expropriate.

A Expropriate subject to arbitration as to the compensation to be paid.

Q Well, now, are you aware of the conditions under which the City went into, Calgary Power went into Jasper Place?

A Well, in a general way, yes, I am not sure what the --

Q I remember it with great particularity, the City finally refused to extend its lines into Jasper Place further than some specified street, 50th Street, I think, anyhow that is close enough, beyond that we will not go and the Public Utilities Board was then approached and I suggested to the City that when they went outside of their own boundaries they became a Public Utility and subject to the regulations. Is that right, Mr. Garside?

MR. GARSIDE: Very much so.

Q MR. BLACKSTOCK: So far. Then, the next thing I

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Q (Cont.) knew was that the City had sold out to Calgary Power the whole of Jasper Place. Now, if the City refused to recognize a responsibility in Jasper Place at that time why now should Calgary Power be deprived of the right to earn revenue, not interested in getting their capital back, they have developed power on the Bow River for the purposes of giving service to their customers, now, is that capital expenditure to be thrown out of the window, to use a phrase that has been used quite a good deal? It isn't a matter of only getting revenue, getting capital back, but deprived of the power to earn revenue.

A Yes, sir, well, my understanding of the situation is that the residential load in Jasper Place is not the issue that is of primary concern to Calgary Power, it is the commercial load in the --

Q Oh, yes --

A The plants in the -- they would be quite prepared to work out some kind of an arrangement provided they could get their capital out. Now, as to building up loads --

Q Yes, that is their pious hope.

A As to building up a load, though, sir, their load is building up at a very rapid rate anyway so that the problem of the load to replace a small item like the residential load in Jasper Place would not be a serious item to them when they are involved in the kind of growth factor that they have got now in their system.

Q Mr. Moffat, surely you are aware that the domestic load is the most lucrative load for any company.

A I think the engineers would argue with that to some extent.

Q Pardon?

A I say, I think the engineers would argue that to some extent in this area where you get the load factor element on the --

Q Don't you think Calgary Power would love to have the domestic load in Calgary?

A Well --

Q That is a lucrative load.

A Yes, it is a good load, but it has got the load factor element in it which leads in the direction of the best load in this area being the industrial plants in the Strathcona area.

Q Then, let us go to Strathcona, again Calgary Power with much foresight developed power generating facilities and with it, perhaps to me, a lawyer, more important, they came into this area and secured proper legal authority to do so. The City is in that same area and has never yet attempted to regularize its position under the Public Utilities Act. Now, are they, having taken that attitude, to say to Calgary Power, now, we are going to ask the Legislature to give us power to expropriate your earning capacity? Forget about capital returns, earning capacities, now, where did Calgary Power get its money to do all the things that it has done? It gets them from insurance companies, millions of dollars in bonds in which every --

A Yes.

Q -- insurance policy holder has a vital interest.

A That is correct, yes.

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- Q Now, are they simply to be told that you cannot have this earning power any longer, we are going to expropriate you, that is the City's position.
- A Well the City's position is that in order to administer this area they should have that authority. Now, it doesn't necessarily mean they would exercise it but they feel that unless they have authority to do that kind of thing then it will run the risk that they can't get the most efficient operation. Now, they are not wanting to say that they would not be prepared to let Calgary Power stay in but they do not think it would be satisfactory to leave it indefinite as to who was responsible for seeing that the thing was properly dealt with. That is the difficulty, unless somebody is going to draw the line now and have them for time to come then there has to be somebody to take the responsibility for the future and deal with it.
- Q You are going back to the old argument they used in the Brantford case and that is all the services should be under one authority for so-called efficiency and economy.
- A That is right, that is right, that is the basic approach and, not necessarily under one operation always but responsibility should be clearly in one spot for getting them properly organized.
- Q MR. GARSIDE: Have you any further observations under that heading?
- A Yes, the situation into, with respect to Northwestern Utilities is a bit different because in that case the City is not providing gas services so that the same principle would not be applicable and the suggestion

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A (Cont.) there is that it should go to the Public Utilities Board to --

Q MR. BLACKSTOCK: Now, the City at the present time has a right to take over the Gas Company.

A Yes, they have.

Q At the end of any contract period.

A That is right.

Q That is what, ten years away?

A Yes, the new franchise was just negotiated and the proposal is to leave it exactly as it stands in that regard, Northwestern Utilities is subject to the Utilities Board for the setting of its rates in any case, and leaving them still subject to the Utilities Board. Now, the presumption involved in that is that the Utilities Board would see that the rates are uniform over the whole area.

Q So that the Gas Company would be tied down to 7½% and the power house can make just as much as it jolly well pleases?

A That is right and I would argue in principle that that is the way it should be. I think that there is a fundamental difference between privately owned organizations and City owned organizations from that point of view.

COMMISSIONER DAVIES EXAMINES THE WITNESS:

Q The only thing is that the City has made it very clear before this Commission that up until 1937 they operated on the Public Utility principle^{basis} of service at cost and starting then the City decided, here, we are going to treat these utility departments exactly as if they were

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Q (Cont.) private corporations. Now, what I would like to put to you in connection with this is simply this question: do you want to take on in the City with utilities the trappings of a private corporation for the purpose of levying taxes and so on and not subject yourselves also to the other trappings of private corporations, namely, that you would be regulated by the Public Utility Commissions as to the question of rates?

A Well, now, I am sorry, I didn't get the first half of that, what the trappings of private enterprise, were they going to take on, the first half.

Q Well, what they took on in, starting in 1937 was taxation --

A Oh.

Q Taxation, of real estate it was, you know, until 1944 and the assessment and taxation, at the standard mill rate of the City, which, as you know, has crept up a great deal since then and so now you have a utility system that on one hand it is argued, well, we got this on the same basis as private utility system and we are entitled to be put on the same basis as a private utility system, we are getting all the revenues like a private utility system and I am just asking you, don't you think if you start taking on these trappings of a private utility system that you bring yourself over the line and you have got to then take the other consequences of a private utility system and let the Public Utilities Commission examine your rates?

A No.

Q Well, you know that they do in other provinces in Canada and they do in many states of the Union?

A Yes, well, that doesn't prove it is right, I think in principle it is quite^a fundamental point that a municipally owned corporation controlled and operated by the body which is elected by the ratepayers of its own area and responsible to that body, both in its capacity as to the setting of utility rates and also in its capacity as to the setting of realty tax rates, should be left responsible for deciding the policy in that regard. I know that there are many areas where utility board regulations is put in and, I think I am correct in saying, that the trend is in the direction of putting more things under the Utility Board under those kind of circumstances.

The other position is perfectly logical so far as I can see and certainly is the position which the City Officials want to support. Now, if you grant that first proposition, that responsibility should be left with the elected representatives then it doesn't follow that they should not set up their accounts as they see fit and if there is a certain amount of money left in the gross revenue of those utilities that doesn't say the accountants cannot say well, now so much of it represents what would be equivalent to realty tax and so much of it would be equivalent to a franchise tax and so much is what would be equivalent to the general surplus. That is purely an accounting question of a public information, and it may be that it should be one way and it may be that it should be another

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- A (Cont.) but there is no principle involved in that one at all, it is purely a question of how you are going to allocate, what is in essence, the money that is left over after operating costs are paid and that includes the item which is corresponding to realty tax and the item, which in this area, corresponds to the 5% revenue tax, the item which corresponds to the income tax that a private company would pay and which is given to a Government owned enterprise to keep for their own benefit; it also covers what the ordinary private company would use for dividends and what the ordinary private company would keep for its surplus to provide for improvements and the general advancement of the system.
- Q The only thing, Mr. Moffat, --
- A That all becomes one item and then they can set it up in whatever accounting category seems appropriate in the circumstances.
- Q When you talk about dividends, Mr. Moffat, on a private company the dividends go to the shareholder.
- A And in a utility company they go in the form of reduction of taxes.
- Q Oh, now, I wouldn't agree with you here, that the dividends, the dividends here were to go to a shareholder; they should go to the utility patrons.
- A But they are the same people that pay realty taxes and therefore they go in the form of reductions.
- Q I can't agree with that, I would like you to start on the outer periphery; would you concede that the people outside the City of Edmonton, that the City of Edmonton is furnishing certain utilities to, are

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Q (Cont.) in a different position than the people in the City?

A People outside the City?

Q Outside the City limits.

A Yes, yes, you've got a different problem there, that is true.

Q Yes, you would concede there, your position is that they are in a different position than those in the City?

A That is right.

Q As far as the public utility regulation is concerned?

A Yes.

Q What is the position of the City on that?

A Well, the position of the City has been traditionally to oppose it but, as Commissioner Blackstock pointed out, they probably, if it was pushed to a showdown, would be subject, as I understand it, outside the City.

Q COMMISSIONER BLACKSTOCK: Outside their own boundaries.

A But it has never been put to a thorough test.

Q COMMISSIONER BLACKSTOCK: It has been held, many times, in the United States, that a city that goes beyond its own boundaries with utilities become subject to the regulations beyond its own boundaries.

A Yes, I think the principle I am arguing breaks down completely when you get to that position, yes. Therefore, it may be that one of the results of this proposal at this stage, should be to get the City out of those lines that are outside its boundaries. Well, the City is not proposing that that should happen and it is not advocating and wouldn't like it to happen

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A (Cont.) but maybe, still some things should happen that the City wouldn't like.

Q COMMISSIONER BLACKSTOCK: Who provides the telephone service in Beverly?

A Partly each.

Q Partly --

A Partly the City and partly the Province.

Q COMMISSIONER BLACKSTOCK: The Province.

DR. HARRIES EXAMINES THE WITNESS:

Q I have just one or two questions in connection with the utilities in the case where a company is receiving its gas from a source other than the franchise source in the City of Edmonton.

A Yes.

Q Would the gas franchise tax apply to that company?

A Are you asking me in terms of what would happen now or are you asking me what I think should happen?

Q I am asking you what would happen with annexation.

A Well, that has not been thought through to where I can say the City's conclusion is thus and so. The City's only conclusion, at this stage, that it is not a clear cut answer one way or ^{the} / other and it need to be looked at very carefully, I think, in principle and a situation such as Ajax supplying Canadian Chemical would probably not be expected to pay the franchise but that is personal opinion only. The City's position at this stage is that one would have to be that one would have to be looked at very carefully but there is not any firm recommendation on it.

Q But your --

COMMISSIONER BLACKSTOCK: Dr. Harries, the 5% is a statutory provision applying only to the Gas Company, if another company came in it would be a question of negotiating with the City for right-of-way --

A Yes.

COMMISSIONER BLACKSTOCK: Would probably come to the Utilities Board in the end, one statutory provision for one company, only one in the Province.

DR. HARRIES: I realize that, sir, I thought that in the case of a company that was already in, say, an annexed area that there wouldn't be much difficulty but that was, I wanted to find out whether that would apply to new companies coming in, to take along a little further, what was concerning me was, whether the fact that an industry was in the City and if it was, its boundaries were expanded whether that would raise the cost of gas?

A Yes.

Q To industry and if it would well, then, I thought it might be of interest to the Commission to know that.

A Yes, and that is a very important point.

COMMISSIONER BLACKSTOCK: It would, it quite definitely would, Dr. Harries.

DR. HARRIES: That was my concern, not so much with Ajax, which is the only one today, but if you had other ones coming in, particularly, supposing you converted from natural gas to butane, which I see as a possibility, what would be the position of the City then, in connection with these franchise taxes and the 5% revenue tax?

A Yes, that is one of the questions that would need very careful looking at and all I can do is repeat

A (Cont.) what I say the City Officials, at this stage, haven't reached a firm conclusion as to what they would recommend on it.

THE CHAIRMAN: Have you any questions, Mr. Brownlee? Well, does that conclude your statement with regard to utilities?

A Yes, yes.

Q MR. GARSIDE: Now, the next --

A And more or less incidental to it, it also covered a section which I have marked down as the public utility taxes and financing, in other words, the question that Mr. Commissioner Davies raised with respect to --

COMMISSIONER ROBISON: Are you going into that?

A Well, I was proposing to raise it myself but Commissioner Davies has already raised it and I have already said in reply to him what I had in mind to say as part of the general submission.

COMMISSIONER ROBISON: If he doesn't go into it any further I am going to.

COMMISSIONER DAVIES: Mr. Moffat, I didn't intend to deal with the taxation aspect of the utilities when we were discussing your proposals in respect to outside areas. I think the proper place to deal with that is under taxation.

A Yes, well, I realize that and therefore we were not going to raise that aspect of it but we did want to raise the question of who should have the authority to determine the rates to be charged by a city owned utility and I have already said what I wanted to say on that in reply to your question, as far as I am

A (Cont.) concerned that deals with that section of my notes.

COMMISSIONER BLACKSTOCK: The same recommendations apply to the buslines, Mr. Moffat.

A The same recommendations apply to the buslines.

COMMISSIONER ROBISON: In other words the City would be opposed to bringing the utilities under the Public Utilities Board?

A That is correct.

Q COMMISSIONER ROBISON: Because they have a representative body in this area running the affairs of the people.

A That is correct.

Q COMMISSIONER ROBISON: Municipal affairs.

A Basically that is what it comes down to.

Q COMMISSIONER ROBISON: That is quite obvious.

THE CHAIRMAN: Mr. Garside, could you at this time give me a forecast of what, the number and name of the other topics that Mr. Moffat proposes to bring before the Commission? Whether you have been in touch with Mr. Dant today and when you expect to have Mr. Menzies and Mr. Tweddle or Mr. Tweddle and in what order? I would like to have some idea as to just where we are at at this moment.

MR. GARSIDE: Well, Mr. Chairman, as far as the first question is concerned, as far as the first question is concerned the topic situation, with regard to the evidence by Mr. Moffat it is pretty nearly complete and the only one that I recall now is that dealing with the question of staff, what is to be done with the staffs and then after that I would ask

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MR. GARSIDE:(Cont.) Mr. Moffat certain questions arising out of the Strathcona Brief and then certain other questions of a general nature and I think that unless there is a lot of cross-examination, we should be through by, perhaps the middle of the morning, tomorrow.

Then, as to Mr. Dant he is still sick, sir, I will try to find out more information for you. Then, I am not quite decided, it all depends upon a certain amount of convenience to Mr. Tweddle or Mr. Commissioner Menzies. I prefer myself to have Commissioner Menzies come first and then Commissioner Tweddle because Commissioner Menzies has been a Commissioner for quite a number of years now and could answer a lot of the questions which ^{perhaps} might be awkward for Mr. Tweddle.

THE CHAIRMAN: You understand it is entirely in your hands as to the order in which you bring these witnesses. Now, Mr. Moffat, the query that I wanted to put to you is how long will your statement with regard to this last aspect, to which Mr. Garside referred, how long will that take? Are you prepared to go on with it right now?

A Well, my notes are, which are fairly complete on that subject, there is only a page and a half.

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THE CHAIRMAN: Very well, go ahead and Mr. Garside may get to the point of asking some of his questions to-night and if not that will be a good stopping point and we ^{can} start there in the morning.

A The question of continuity of employment for staffs and in this we refer, of course, to administrative staffs. Someone has suggested that there should also be continuity of employment for elected ccuncillors in the area but that is more or less intended in a humorous vein.

With respect to the personnel who have been carrying out the program in this area it is important that they should get protection by way of continuity, both of seniority rights and pension rights, so much as possible. The point was raised by the Edmonton Public School Board and supported by the Edmonton Separate School Board and it was raised by the Town of Jasper Place as well and the Town of Jasper Place brief, at page 8, listed a number of conditions under which it was prepared to support the proposed amalgamation. One of these being this, I will quote the sentence exactly:

"The present employees of the town must be retained in positions of comparable status and the voluntary fire department absorbed into the Edmonton Fire Department -- "

Now, he was asked there, the witness from Jasper Place was asked exactly what they meant, did it mean that all the members of the volunteer fire brigade should be taken on to the City Fire

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A (Cont.) Department? The reply was that they, he thought they should be given the opportunity to enter the City fire brigade "If they could meet the standards of Edmonton". Which is a pretty sensible proposition. Again, without trying to tie the hands of the council that would be dealing with ~~this~~ problem in the future and be careful to leave that responsibility to them. It is suggested that your recommendation should be that the new council and the new school boards should take over all the employees of the existing councils and school boards where they can meet the requirements of the enlarged unit and to continue them in the same status which they now hold ^{that} is in the case where they can meet the requirements of the enlarged unit. Now, in the case of any employee who cannot meet the requirements of the enlarged unit so that he could qualify for the position of the same status it is suggested that there should be a provision that he will be offered a position for which he can qualify and a salary that is as close as possible to that which he is now receiving.

Now, it seems to us that that is probably the most reasonable approach, the best method of protecting seniority and pension rights that we could devise under the circumstances. We do not think that your Commission should recommend anything that will tie the future councillors and future school boards to take every employee because that would lead to complications. Let me make it clear,

A (Cont.) there is no particular employee involved there that anybody is trying to avoid being tied with, it is a general proposition that it should not be a blanket taking over of everybody but wherever they can meet the requirements they should get the same jobs, and wherever they can't meet their requirements they should be offered the same job carrying as close as possible the same salary. We think that is the kind of recommendation that would be appropriate from your Commission.

MR. ROBISON: Would you add a rider there or meet the requirements within a reasonable time?

A Yes, that could be, that could be.

MR. ROBISON: I am thinking of a man, for example, who may have been studying fire department rules, practice and procedure, taking a course at night and in an reasonable period of time qualifying but who at the time would not necessarily be qualified.

A Yes, that would be very reasonable. if someone is prepared to get to work to qualify himself he should certainly be given the opportunity. Although, I would say that doesn't apply only to staffs that are taken over, that is part of the general policy, that people who can work themselves into qualifications should be encouraged to do it.

MR. DAVIES EXAMINES THE WITNESS:

Q Mr. Moffat, there was some very special reference in the, the way of recommendation of staff in the Edmonton Public School Board.

A Yes, I have it here.

Q Now, I haven't got it in my hand but I know there was and I cannot couch it in words, have you got it?

A I have it quoted right here in my notes.

Q Would you mind quoting it for us?

A This is from page 3 of Exhibit 4OE

"The Protestant members of the teaching staff now employed in the schools in the greater Edmonton metropolitan area would be permitted to keep their present positions."

In other words they would take over the Protestant members in the existing school divisions and the Separate School Board would have, presumably do the same. Now, the Separate School Board did not carry it in quite the same form and they, at page 503 of transcript, they said

"We adopt generally the attitude of the Edmonton Public School Board and mutatis mutandis we agree with the submission which they have made."

Now, that is the closest they came to a commitment on the same point.

Q I don't exactly follow that, to be perfectly frank, the recommendation is not clear to me yet of the Edmonton Public School Board. Can you give me a practical illustration of exactly how that would be worked out and what that really means in practical terms?

A No, well, I couldn't give you what they had in mind.

Q Is there, are there certain Roman Catholic teachers on the Edmonton Public School staff?

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A No, no, these are schools in the metropolitan area, in other words on the Beverly side and in the case of the Beverly staff my interpretation of it is that the Protestant teachers on the Beverly staff would become part of the staff of the Edmonton Public School Board.

THE CHAIRMAN EXAMINES THE WITNESS:

Q Well, Mr. Moffat --

A That is my understanding of it.

Q There is no Separate School organization in Beverly, is there?

A That is right.

Q So then, Mr. Davies' question then becomes a live one. It is quite conceivable that there may be Roman Catholic teachers on the staff of Beverly in which, because I am sure there are Roman Catholic residents there.

A Yes.

Q In which case I suppose the School Board is simply saying that it is prepared to extend this kind of protection to the Protestant teachers and will expect the Separate School Board to do the same thing if there are Separate School teachers involved?

A That is what I understand it to be.

Q And, of course, if this amalgamation should take place then obviously the Roman Catholic children would, will become the responsibility of the Separate School Board, whether in Beverly or wherever else it is and so, I think it is only, is just that the Public School Board is saying that it will be

Q (Cont.) responsible for those teachers which would be, who would be eligible for employment with them?

A That is what I understood, yes.

Q Now, then, if there are no questions on this phase, now, then, Mr. Garside I think you may proceed with your questions. We have nearly half an hour and we can clear up several of those.

MR. GARSIDE EXAMINES THE WITNESS:

Q I am referring to Exhibit 155E, which is the submission of the Municipal District of Strathcona, the first question I will ask you, Mr. Moffat, arises out of the statement on page 12 of Exhibit 155E reading to this extent, reading in this way:

"The City has benefited by the fact that 1,443 of its citizens have obtained more gainful employment and therefore contribute more to the city's success as a result of the development. At the same time an estimated annual income of \$7,400,000.00 accrues to the residents of the city by reason of the development. On the basis of the evidence so far produced it is at least arguable that some of the industries would have gone elsewhere if this industrial area had not been available as an alternative site to one within the city limits."

I refer particularly to the feature which they say, draw attention here to 1443 residents of the City were here before employment in the industry. Now, what have you to say as to that?

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A Well, the first point to be made, in respect to that section is that there is, it is perfectly true that the City has benefited very greatly from the industrial development in the Strathcona area. The city has had, many of its residents secured employment out there, it has had an income from, brought into its borders that it otherwise wouldn't have had and in these and several other ways the city has benefited very greatly from the ^{fact that} industry was established in that area, ^{immediately} adjacent to the city and if that industry had not been established there the city would be very much worse off and I don't think there is any question about those facts.

On the other hand the city, having got those benefits, has got some very serious liabilities along with the benefits. In some of the other areas they got those benefits and other benefits of a similar nature and has not got as much of the liabilities that went with the benefits so that it is not a question of one area benefiting and another area losing ^{on the} / deal, it is kind, a question of all areas benefiting but some of them benefiting quite a lot and not getting as much of the liabilities and other areas benefiting quite a bit and getting just as much liability.

Now, then, coming down specifically to the 1443 people who resided in the city before employment in industry the suggestion seems to be that since that many people were in the city before they got jobs out there therefore industry hasn't any responsibility for those people. The calculation

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A (Cont.) goes on to suggest that therefore the only responsibility of industry is the new people who are employed out there and didn't reside in the city before they got those jobs. Now, that I think is fundamentally wrong. The situation is that if a hundred people got a job in an industry in the city then that industry pays its shares toward the cost of providing services to those people regardless of where they lived before they took the jobs there and if another industry just happens to be on the outside of the boundaries and provides employment then it is still perfectly true that they should be expected to pay the same share of the cost of providing municipal services.

The chances are that if those 1443 people got jobs out in the Strathcona area, if that industry had not been there those 1443 people would have got jobs in the city and they still would have had the same, approximately the same annual income, maybe a little less but still within reason they would have had the same annual income. The chances are their place was taken within the city by some other people who came from outside. In other words the fact that people from the city took jobs out there does not mean there was no any increase in the number of people who are in the city and who are getting services. There may have been different people involved but they are still coming here because that industry is out there and so I think, both in terms of numbers and magnitude and also in terms of the

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A (Cont.) principle in relation to what would happen to another industry in the area, the contributions to the cost of municipal services is still properly to be taken from the industry in which those people are employed.

Q I refer you now to page 24, the third line from the bottom, after dealing with the optimum city, I mean below this sentence occurs

"The principle is a nice one for planners to have on their Planning Board as guide-posts, but the essential question for the Commission is whether the needs of the Metropolitan Area are such as to require more land to provide for the orderly development of municipal and educational facilities."

In connection with that I would like to draw attention to the Royal Commission appointment and I read to you:

"This Royal Commission is appointed to conduct an inquiry into the administration and financing of school and municipal services in the City of Edmonton and surrounding areas and then to recommend the boundaries and the form of local government which will most adequately and equitably provide for the orderly development of schools and municipal services and (2) to recommend any practical measure which may be taken in the interests of the ratepayers and citizens generally with respect to the administration, and financing of

Q (Cont.) "school and municipal matters and the form of government recommended for the area under review."

Now, what I would like to ask you, with reference to the paragraph in the brief, considered in the light of the matters dealt with in the appointment of the Royal Commission what is your answer as to the need for more land for the orderly development of municipal and educational facilities?

A The statement in Exhibit 155 is

"-- the essential question for the Commission is whether the needs of the Metropolitan Area are such as to require more land to provide for the orderly development of municipal and educational facilities."

I think that is possibly the best statement we have got of what the real problem of this Commission is.

At first when I first looked at this situation in this city I was inclined to think that the number 1 question was financial and the further I got into it the more I became convinced that the financial problem was not the number 1, the number 1, as I see it is this: Is there a need for more land to provide for the orderly development of municipal and educational facilities and how is that area to be administered? As to put it in other terms it is the problem of creating a government to administer the municipal and educational services for the population that is coming in to this area at a rapid rate and is going to continue to come in to the area at a rapid rate and for areas of land which

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A (Cont.) those people are going to need to accommodate residential, commercial and industrial activities which they are going to ^{be} carrying on and there is certainly no question in my mind that that will involve considerable amounts of land that are not now inside the boundaries of the City of Edmonton.

Now, I have attempted, at great length, to indicate the areas into which I think the growth is going to go. I think, from the point of view of the residents of the metropolitan area, they need or require more land, they need that particular land that we have indicated as a basis for orderly development of municipal and educational facilities. I think, also, you have to go at it the other way, the people who are coming into that area and the residents who are now in the area, jointly need a city administration to provide them with the municipal and educational facilities, in a lot of ways that is probably more important than whether or not the city needs the area and whether the area needs the city and I think the answer in both cases is "yes". The city needs more room and the people who are going to be in those areas in the very near future need this city type of administration and they can best get it by making themselves part of the existing administration and taking with that the right to vote and to get themselves ^{on} a council and to generally make trouble for the council if they don't like it. They will get better service out of that kind of a set-up than they will out of trying to carry on a separate administration.

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A Could you give us some more reasons for what you have just stated? I am speaking now as between, you say it would be better to have one government than a split into two, why would that be so.

What would the consequences be if nothing was done, for example, in connection with the problems now facing the metropolitan area?

A Well, one of the first questions that come to mind is the question of a new residential housing development. It seems to me quite clear that there cannot be any major good quality housing development within the present boundaries of the city after the projects which are now underway are finished. In other words after the area to the extreme south-west of the city on the north side of the river is completed, after the area newly added north of Highway 16 is completed there will only be a few scattered good quality residential areas left. I would say that the number 1, the first problem which will arise is how those areas are to be administered and if two or three administrations try to lay out a plan for those areas, decide where they are going to be located, decide how the, how the transit facilities are going to be put in there, how the sewer is going to be put in there, how the water is going to be put in there? In every one of those cases you are going to have a long projected negotiations, you are almost sure to have a certain amount of bad feeling, even though everybody has the best intentions in the world, you are bound to have

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A (Cont.) a fair amount of jockeying. Well, wouldn't it be better to put it in our area, no, we don't want it in our area and we want it in the other area, have that kind of a thing going on. If one council is responsible and knows it has to lay out a plan and, or get its officials to lay out a plan and knows that if it doesn't do it right everybody in the area is going to have a chance to vote against it then you are much more likely to get that kind of development well carried on. If you don't have it under one council the chances are very good that you will get one part of the area saying, we won't let housing go in there unless it is real good quality and we won't let development start here unless we are sure it is going to pay its own way? With the result that the general housing facilities are going to have to be concentrated into some other areas where they cannot get the facilities that will suit the public as well and facilities that will be as good from the point of view of ^{the} overall good, in the sense of communication, you may have them in outlying areas where it is not as convenient to get downtown, where it is not convenient to put sewers in and so on, you go right through the same list of considerations again.

Now, that is the first one, I would say, in respect to residential. Now then, possibly the second one is financing that one overall city with revenue available from the general taxes will be in a lot better position to finance, administer,

A (Cont.) raise funds by loans from the Provincial Government, which they will have to be, in the main, to run the necessary repayment arrangements. Probably the next in line would be main arterial roads. We have had quite a bit of discussion about the problem of co-ordination of roads in the south east corner, where they should be located and who was responsible for them and it has all to be, I think, one central administration which will not only determine the location but also be responsible for raising the money and seeing that the thing is put into effect, a joint arrangements on those things in other cities seem to indicate that you can get agreements not to do it this way or not to do it that way but to get an agreement to actually go ahead and do it this way and raise the money and spend it and actually promote a road program is something different again.

MR. ROBISON: Would you say Winnipeg is a classic example of intermunicipal co-operation?

A It is a classic example of the opposite.

MR. ROBISON: Toronto?

A Toronto tried it and worked out reasonably well up until about seven or eight years ago and found that they had to consider the opposite. Winnipeg has had the sharpest example of transit I mean, not public transit but private transit of where to locate a bridge on the north end, across the Red River and they are getting absolutely no place on the thing because that serves a couple of suburban municipalities,

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A (Cont.) primarily and they won't pay anything towards it and the city won't build a ^{bridge} up in that area.

MR. ROBISON: They had quite a time.

MR. GARSIDE: What about sewer and water services, both utilities?

A Well, the same thing applies to sewer and water facilities. In the case of the location of the trunk line sewers you have the problem right now before the City Commissioners. The new trunk line sewer which is to be extended out 111th Avenue, is it to be made large enough to serve the north end of Jasper Place and the industrial area to the north of Jasper Place or is to be ~~des~~igned simply to serve the City of Edmonton, within its present boundaries? The engineers are very anxious to get a decision on that one immediately. There are other questions where it is probable that there maybe should be two separate sewer systems but still would be better to have one administration deciding when to put them in, where to put them in, timing the finances so that one goes ahead this year, another one goes ahead next year, so that housing development will go in the area where sewage facilities are going in this year instead of having housing development get out of time with the sewers and so on. The same thing with respect to water. I am told that the present water plant of the city by adding a filtration unit could produce enough extra water to provide the five million gallons that Mr. Ripley was talking

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A (Cont.) about without too great a difficulty.

Now, I cannot give you exact details as to what the cost would be but apparently the cost of putting in an extra filtration unit would be much less than the cost of building a completely new unit of the type that was considered there. On the other hand if it is thought desirable to have two units for civil defence purposes or for the purposes of disaster, in case one of them gets blown out in some way or another it is still better to have the two systems under one administration and interchangeable arrangements with joint timing and financing rather than two separate systems without satisfactory co-ordination.

Q One of the recommendations from Strathcona, now, is that there be a strong town planning, district planning Commission with executive powers. Assuming there was such a strong District Planning Commission as suggested with executive powers would that be the answer for the orderly development in the metropolitan area? Would you consider?

A No, it would be a help to some extent but it would be to a very limited extent because even with the very best co-operation in the world a District Planning Commission of that type can only be a basis for discussion and exchange of information, plus a method of preventing undesirable things from happening. They can have executive powers to say you cannot build along this highway or you cannot subdivide this particular area but I don't

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A (Cont.) think that kind of Commission can ever become an active force in developing the area unless it is given taxing powers and powers to borrow money, powers to spend money and powers to carry out practically all the functions of the city, if it becomes that then it in fact has become the city and then there is no function left for the other bodies so that the, the body which is going to be primarily responsible for the development over the area has got to have taxing and borrowing powers and other powers that goes with that in order to make itself effective, in order to have that as an acceptable kind of government in an area it has got to be elected directly by the people of the area and there has got to be a direct line of democratic responsibility of some sort and, therefore, I don't see the District Planning Commission set-up as much more than a method of discouraging undesirable development and I cannot see a District Planning Commission actively developing an area unless it has got so many authorities that in fact it is the city and in such case it should be directly elected and become the city.

MR. ROBISON EXAMINES THE WITNESS:

Q Well, they can create a plan though that might be adopted by the taxing authority.

A Then you get directly into spending money without representation.

Q No, no, they would create a plan and the plan would

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- Q (Cont.) be adopted by the city who would be responsible for it, that is the point.
- A But I can't see it, I don't see as a practical administration how it can adopt a plan and say, here is a road, we want to see it built and then just go to the city and say here build this and go to Jasper Place and say you build this and say to Strathcona, say you build this.
- Q No, I don't --
- A As soon as it started to go into that field it would be --
- Q I wouldn't suggest that for a moment.
- A Out of way altogether.
- Q They can prepare a plan, however, and submit it to the various member municipalities for consideration and adoption, that is my point.
- A Well, it just becomes for consideration and adoption, if the municipality doesn't want it then nothing happens.
- Q A lot of things can happen when sensible people get together and talk things over, of common interest, that don't happen if they don't get together, is that right?
- A Well, history on these things is that sensible people can get together and work these things out but if they have to go back to the same voters for final approval and if they don't, then they tend to get into the habit of, well, I am doing better for my area than you are doing for your area and

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A (Cont.) the first thing you know that becomes an important consideration of whether or not you are going to get re-elected, with the best intentions in the world and all the goodwill that is what happened.

Q Surely we haven't got that in this country, have we?

THE CHAIRMAN: Mr. Garside, have you any other questions about the Strathcona brief?

MR. GARSIDE: Yes, I have several.

THE CHAIRMAN: Then, we shall adjourn now until to-morrow morning. Mr. Brownlee, you may have some questions to ask?

MR. BROWNLEE: Oh, yes, Mr. Chairman.

THE CHAIRMAN: Very well, then adjourn until 9:45 to-morrow.

(At this point the Commission adjourned until 9:45 a.m. Tuesday, the 8th day of March, A.D. 1955.)

